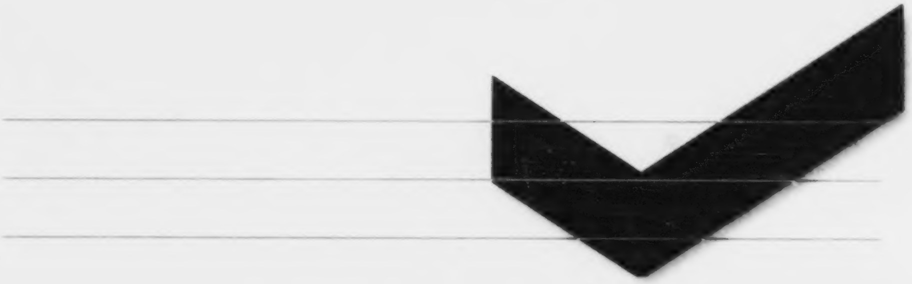
Public Accounts

VOLUME 1 – FINANCIAL STATEMENTS

Province of Nova Scotia

for the fiscal year 2001-2002

THE HONOURABLE NEIL J. LEBLANC, MINISTER OF FINANCE



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Public Accounts

VOLUME 1 – FINANCIAL STATEMENTS

Province of Nova Scotia

for the Fiscal Year Ended March 31, 2002

Printed by Order of the Legislature

Halifax, Nova Scotia, 2002

To Her Honour,

The Honourable Myra A. Freeman
Lieutenant Governor of Nova Scotia

May It Please Your Honour -

The undersigned has the honour to submit the Public Accounts of the Province of Nova Scotia for the fiscal year ended March 31, 2002.

Neil J. LeBlanc
Minister of Finance

Office of the Minister
Halifax, Nova Scotia

The Honourable Neil J. LeBlanc
Minister of Finance
Halifax, Nova Scotia

Sir:

In accordance with Section 9(1) of the Provincial Finance Act, I have the Honour to submit the Public Accounts of the Province of Nova Scotia for the Fiscal year ended March 31, 2002.

Respectfully submitted,

W.D. Hogg, CA
Deputy Minister of Finance

Office of the Deputy Minister
Halifax, Nova Scotia

Province of Nova Scotia

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for the fiscal year ended March 31, 2002

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Province of Nova Scotia

Statement of Responsibility for the Consolidated Financial Statements of the Province of Nova Scotia

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Nova Scotia rests with the government. These financial statements are prepared by the Controller in accordance with the government's stated accounting policies.

The stated accounting policies reflect the accounting principles recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

The consolidated financial statements include a Statement of Financial Position, a Statement of Operations, a Statement of Net Direct Debt, a Statement of Cash Flow and a Statement of Tangible Capital Assets. Together, they present fairly, in all material respects, the financial position and the results of operations for the year then ended.

The government maintains a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

The Auditor General of Nova Scotia provides an independent opinion on the consolidated financial statements prepared by the government.

NOVA SCOTIA
Office of the
Auditor General

AUDITOR'S REPORT

***To the Members of the Legislative
Assembly of Nova Scotia***

I have audited the consolidated statements of financial position and tangible capital assets of the Province of Nova Scotia as at March 31, 2002 and the consolidated statements of operations, net direct debt and cash flow for the year then ended. These statements are the responsibility of the Government of Nova Scotia, represented by the Minister of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position and tangible capital assets of the Province of Nova Scotia as at March 31, 2002 and the results of its operations, changes in net direct debt and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.

E R Salmon

E. Roy Salmon, FCA
Auditor General

Halifax, Nova Scotia
October 18, 2002

Statement 1

Consolidated Statement of Financial Position

as at March 31, 2002

($ thousands)

	2002	*2001 (as restated)*
Financial Assets		
Cash and Short-term Investments (Note 4)	$ 1,277,307	$ 420,455
Accounts Receivable and Advances	490,426	1,054,596
Inventory	1,154	954
Loans and Investments (Schedule 3)	896,333	911,803
	2,665,220	2,387,808
Liabilities		
Bank Advances and Short-term Borrowings	229,317	1,215,839
Accounts Payable and Accrued Liabilities	1,013,742	1,028,368
Deferred Revenue	61,702	47,941
Accrued Interest	275,409	270,976
Unmatured Debt of Government Service Organizations (Schedule 4)	12,211,270	10,680,372
Unamortized Foreign Exchange Translation Losses and Discounts	(521,698)	(565,835)
Pension, Retirement and Other Obligations (Note 6)	928,365	1,042,071
Deficiency in Government Business Enterprises (Schedule 7)	29,027	34,695
Deficiency in Discontinued Government Business Enterprises (Schedule 7)	(863)	3,465
	14,226,271	13,757,892
Net Direct Debt	(11,561,051)	(11,370,084)
Tangible Capital Assets	2,810,659	2,673,920
Accumulated Deficits	$ (8,750,392)	$ (8,696,164)
Trust Funds under Administration (Note 7)	$ 7,406,469	$ 7,474,925

Prior Period Adjustment (Note 2)
Contingencies and Commitments (Note 12)
Subsequent Events (Note 13)
Comparative Figures (Note 14)

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements

Statement 2

Consolidated Statement of Operations
for the fiscal year ended March 31, 2002
($ thousands)

	2002	2001 (as restated)
Revenue (Schedule 1)		
Provincial Sources	$ 2,898,192	$ 2,734,658
Federal Sources	1,935,794	1,965,075
Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements	130,174	99,914
Federal Tax Collection Agreement Error (Note 5)	(35,000)	
Other	517,292	508,703
Sinking Fund and Public Debt Retirement Fund Earnings	192,293	206,639
Total Revenue	5,638,745	5,514,989
Net Expenses (Schedule 2)		
Agriculture and Fisheries	43,955	40,184
Community Services	654,019	615,790
Economic Development	87,545	83,162
Education	1,123,262	1,101,964
Assistance to Universities	201,732	203,489
Environment and Labour	56,077	52,128
Finance	13,018	8,704
Health	2,079,020	1,911,182
Justice	87,665	87,532
Natural Resources	53,911	54,499
Public Service	77,107	96,526
Service Nova Scotia and Municipal Relations	99,198	111,556
Tourism and Culture	41,956	38,786
Transportation and Public Works	234,290	220,627
Restructuring Costs	65,396	73,378
Pension Valuation Adjustment	(69,302)	(77,663)
Loss on Disposal of Crown Assets	4,938	321
Debt Servicing Costs (Note 10)	1,179,076	1,172,250
Total Net Expenses	6,032,863	5,794,415
Deficit from Government Service Organizations, on an Expense Basis	(394,118)	(279,426)
Net Income from Government Business Enterprises (Schedule 7)	308,898	296,993
Net Income (Loss) from Discontinued Government Business Enterprises (Schedule 7)	—	(50,885)
Deficit before Unusual Items, on an Expense Basis	(85,220)	(33,318)
Unusual Items (Note 3)	30,992	179,825
Provincial Surplus (Deficit), on an Expense Basis	$ (54,228)	$ 146,507

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements

Statement 3

Consolidated Statement of Net Direct Debt

for the fiscal year ended March 31, 2002

($ thousands)

	2002	*2001 (as restated)*
Net Direct Debt - as Originally Reported	$ (11,370,084)	$ (11,230,685)
Prior Period Adjustment (Note 2)	---	(23,643)
Net Direct Debt - Beginning of Year	(11,370,084)	(11,254,328)
Changes in the Year		
Provincial Surplus (Deficit), on an Expense Basis	(54,228)	146,507
Increase in Net Book Value of Tangible Capital Assets	(136,739)	(262,263)
Total Changes in the Year	(190,967)	(115,756)
Net Direct Debt - End of Year	$ (11,561,051)	$ (11,370,084)

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements

Consolidated Statement of Cash Flow

for the fiscal year ended March 31, 2002

($ thousands)

	2002	2001 (as restated)
Cash Inflows (Outflows) from the following activities:		
Operations:		
Provincial Surplus (Deficit), on an Expense Basis	$ (54,228)	$ 146,507
Sinking Fund and Public Debt Retirement Fund Earnings	(192,293)	(206,639)
Foreign Exchange Amortization	(6,237)	(9,416)
Amortization of Tangible Capital Assets	177,390	157,980
Net Income from Government Business Enterprises	(308,898)	(246,108)
Net Change in Other Items (Note 11)	(532,780)	369,942
	(917,046)	212,266
Investing:		
Repayment of Loans	167,599	188,752
Advances and Investing	(152,128)	(144,723)
Acquisition of Tangible Capital Assets	(327,054)	(427,197)
Disposal of Tangible Capital Assets - NBV	12,925	6,954
Net Advances from Government Business Enterprises	298,902	(307,600)
	244	(683,814)
Financing:		
Debentures Issued	2,657,686	1,248,826
Capital Leases	76,598	237,064
Foreign Currency Swaps and Adjustments	58,044	115,361
Sinking Fund Instalments	(286,654)	(266,511)
Proceeds from Sinking Funds for Debt Repayment	510,732	138,532
Repayment of Debentures and Other Long-term Obligations	(1,242,752)	(1,026,646)
	1,773,654	446,626
Cash Inflows (Outflows)	856,852	(24,922)
Cash Position, Beginning of Year	420,455	445,377
Cash Position, End of Year	$ 1,277,307	$ 420,455
Cash Position Represented by:		
Cash and Short-term Investments	$ 1,277,307	$ 420,455

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements

Consolidated Statement of Tangible Capital Assets

as at March 31, 2002

($ thousands)

	2002									2001 (as restated)
	Land	Buildings and Land Improvements	Machinery Computers and Equipment	Ferries	Vehicles	Capital Leases	Roads, Bridges and Highways	Social Housing	Total	Total
Cost of Tangible Capital Assets										
Opening Cost	$ 501,738	$ 1,757,208	$ 575,075	$ 9,241	$ 30,701	$ 441,020	$ 303,085	$ 397,225	$ 4,015,293	$ 3,623,435
Additions	8,429	124,087	55,023	---	6,171	83,100	50,244	---	327,054	427,197
Annual Adjustment to Social Housing	---	---	---	---	---	---	---	(9,007)	(9,007)	(8,502)
Disposals	(7,999)	(117)	(16,031)	---	(437)	(4,484)	---	(2,052)	(31,120)	(26,837)
Closing Cost	502,168	1,881,178	614,067	9,241	36,435	519,636	353,329	386,166	4,302,220	4,015,293
Accumulated Amortization										
Opening Accumulated Amortization	---	(751,197)	(374,697)	(8,402)	(18,527)	(44,252)	(144,298)	---	(1,341,373)	(1,211,778)
Disposals	---	(27)	13,378	---	398	4,446	---	---	18,195	19,883
Amortization Expense	---	(41,257)	(58,978)	(168)	(4,921)	(29,493)	(33,566)	---	(168,383)	(149,478)
Closing Accumulated Amortization	---	(792,481)	(420,297)	(8,570)	(23,050)	(69,299)	(177,864)	---	(1,491,561)	(1,341,373)
Net Book Value	$ 502,168	$ 1,088,697	$ 193,770	$ 671	$ 13,385	$ 450,337	$ 175,465	$ 386,166	$ 2,810,659	$ 2,673,920
Opening Balance	$ 501,738	$ 1,006,011	$ 200,378	$ 839	$ 12,174	$ 396,768	$ 158,787	$ 397,225	$2,673,920	$ 2,411,657
Closing Balance	502,168	1,088,697	193,770	671	13,385	450,337	175,465	386,166	2,810,659	2,673,920
Increase (Decrease) in Net Book Value	$ 430	$ 82,686	$ (6,608)	$ (168)	$ 1,211	$ 53,569	$ 16,678	$ (11,059)	$ 136,739	$ 262,263

Amortization is calculated on a declining balance basis for assets of the Consolidated Fund. The amortization percentages of the more common tangible capital assets are: buildings (5%); machinery, computers & equipment (20%-50%); ferries (20%); vehicles (30%); and roads, bridges & highways (5-30%). Capital leases are amortized on a straight-line basis over the length of each lease.

Amortization is generally calculated on a straight-line basis for assets of entities consolidated with the Consolidated Fund. The estimated useful lives of the more common tangible capital assets are: buildings (including leasehold improvements) & land improvements (2-50 yrs); machinery, computers & equipment (3-20 yrs); and vehicles (3 yrs). Capital leases are amortized on a straight-line basis generally over a 5 to 20 year term.

Social Housing Assets relate to the Housing Development Corporation. This entity does not track accumulated amortization separately so the closing cost of these assets is the net carrying value of the assets. Social Housing assets are amortized using the sinking fund method.

Included in the closing cost of the various classes as of March 31, 2002, are costs for assets under construction which have not started to be amortized. These costs ($ thousands) are buildings - $69,466; machinery, computers & equipment - $8,177; vehicles - $56; capital leases - $1,589; and roads, bridges & highways - $16,810.

Revenue

for the fiscal year ended March 31, 2002

($ thousands)

	2002	2001 (as restated)
Provincial Sources		
Income Taxes	$ 1,468,920	$ 1,397,904
Sales Taxes	1,194,329	1,111,646
Other Provincial Revenue	234,943	225,108
	2,898,192	2,734,658
Federal Sources		
Equalization Payments	1,321,100	1,395,500
Canada Health and Social Transfer	553,375	526,054
Other Federal Payments	61,319	43,521
	1,935,794	1,965,075
Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements		
Provincial Sources	83,281	78,156
Federal Sources	46,893	21,758
	130,174	99,914
Federal Tax Collection Agreement Error (Note 8)	(35,000)	---
Other Revenue	517,292	508,703
Sinking Fund and Public Debt Retirement Fund Earnings	192,293	206,639
Total Revenue	$ 5,638,745	$ 5,514,989

Net Expenses

for the fiscal year ended March 31, 2002

($ thousands)

	2002	***2001 (as restated)***
Agriculture and Fisheries	$ 43,955	$ 40,184
Community Services		
Department of Community Services	593,230	602,065
Nova Scotia Housing Development Corporation	60,789	13,725
	654,019	615,790
Economic Development		
Department of Economic Development	42,568	60,884
Nova Scotia Business Incorporated	23,140	
Nova Scotia Film Development Corporation	2,864	2,822
Nova Scotia Innovation Corporation	5,776	7,189
Trade Centre Limited	11,352	10,794
Waterfront Development Corporation Limited	1,845	1,473
	87,545	83,162
Education		
Department of Education	190,282	192,308
Annapolis Valley Regional School Board	90,567	88,963
Cape Breton Victoria Regional School Board	112,548	111,348
Chignecto-Central Regional School Board	137,926	133,860
College de l'Acadie	4,395	5,031
Conseil Scolaire Acadien Provincial	29,690	27,630
Halifax Regional School Board	294,287	287,336
Nova Scotia Community College	104,512	99,577
Southwest Regional School Board	94,836	93,137
Strait Regional School Board	64,219	62,774
	1,123,262	1,101,964
Assistance to Universities	201,732	203,489
Environment and Labour		
Department of Environment and Labour	25,075	21,370
Resource Recovery Fund Board Incorporated	31,002	30,758
	56,077	52,128
Finance		
Department of Finance	12,389	8,704
Nova Scotia Government Fund Limited	629	---
	13,018	8,704

Net Expenses (continued)
for the fiscal year ended March 31, 2002
($ thousands)

	2002	**2001 (as restated)**
Health		
Department of Health	787,724	715,274
Annapolis Valley District Health Authority	66,921	16,713
Cape Breton District Health Authority	167,865	43,517
Cape Breton Healthcare Complex	---	104,270
Capital District Health Authority	511,692	511,521
Colchester East Hants District Health Authority	38,705	9,955
Cumberland Health Authority	30,684	7,600
Eastern Regional Health Board	---	43,742
Guysborough Antigonish-Strait Health Authority	41,393	9,815
Insured Prescription Drug Plan	113,271	104,160
Izaak Walton Killam Health Centre	123,877	116,392
Northern Regional Health Board	---	78,057
Nova Scotia Gaming Foundation	657	---
Nova Scotia Health Research Foundation	5,274	---
Pictou County District Health Authority	40,578	10,287
Provincial Drug Distribution Program	51,276	---
South Shore District Health Authority	44,663	10,932
South West Nova District Health Authority	54,440	14,048
Western Regional Health Board	---	114,899
	2,079,020	1,911,182
Justice		
Department of Justice	74,314	87,532
Nova Scotia Legal Aid Commission	13,351	---
	87,665	87,532
Natural Resources	53,911	54,499
Public Service	77,107	96,526
Service Nova Scotia and Municipal Relations		
Department of Service Nova Scotia and Municipal Relations	98,475	110,903
Nova Scotia Municipal Finance Corporation	723	653
	99,198	111,556
Tourism and Culture		
Department of Tourism and Culture	38,763	38,786
Art Gallery of Nova Scotia	3,193	---
	41,956	38,786
Transportation and Public Works	234,290	220,627
Restructuring Costs	65,396	73,378
Pension Valuation Adjustment	(69,302)	(77,663)
Loss on Disposal of Crown Assets	4,938	321

Net Expenses (continued)

for the fiscal year ended March 31, 2002

($ thousands)

	2002	*2001 (as restated)*
Debt Servicing Costs		
Consolidated Fund	1,126,403	1,110,468
Annapolis Valley District Health Authority	327	---
Annapolis Valley Regional School Board	469	431
Cape Breton District Health Authority	639	162
Cape Breton Healthcare Complex	---	430
Cape Breton Victoria Regional School Board	249	224
Capital District Health Authority	1,716	1,671
Chignecto-Central Regional School Board	1,017	906
Colchester East Hants District Health Authority	129	31
Conseil Scolaire Acadien Provincial	121	108
Cumberland Health Authority	113	33
Eastern Regional Health Board	---	220
Guysborough Antigonish-Strait Health Authority	241	43
Halifax Regional School Board	3,002	2,783
Izaak Walton Killam Health Centre	397	399
Nova Scotia Government Fund Limited	307	---
Northern Regional Health Board	---	295
Nova Scotia Housing Development Corporation	30,610	31,280
Nova Scotia Innovation Corporation	---	129
Nova Scotia Legal Aid Commission	1	---
Nova Scotia Municipal Finance Corporation	11,721	20,547
Pictou County District Health Authority	170	34
South Shore District Health Authority	210	17
South West Nova District Health Authority	201	---
Southwest Regional School Board	333	291
Strait Regional School Board	279	255
Waterfront Development Corporation Limited	421	805
Western Regional Health Board	---	688
	1,179,076	1,172,250
Total Net Expenses	$ 6,032,863	$ 5,794,415

Schedule 3

Loans and Investments

as at March 31, 2002

($ thousands)

	Loans and Investment	*Provision*	*Net 2002*	*Net 2001 (as restated)*
Loans of the Consolidated Fund:				
Agriculture and Rural Credit Act	$ 172,782	$ 8,058	$ 164,724	$ 164,446
Business Development Corporation Act	---	---	---	120,947
Fisheries Development Act	60,830	1,167	59,663	51,493
Housing Development Act	36,856	18,616	18,240	22,133
Industrial Development Act	76,436	49,753	26,683	31,383
Venture Corporations Act	2,086	2,086	---	230
Loans to Municipalities:				
Funds provided by Government of Canada	64	---	64	137
Municipal Loan and Building Fund Act	1,209	---	1,209	1,417
Special Reserve Fund - Municipal Loan and Building Fund	6	---	6	8
Miscellaneous	709	---	709	709
	350,978	79,680	271,298	392,903
Investments of the Consolidated Fund:				
Business Development Corporation Act	---	---	---	10,671
Housing Development Act	6,549	3,069	3,480	2,137
Industrial Development Act	16,044	8,765	7,279	8,056
	22,593	11,834	10,759	20,864
Loans of Government Service Organizations:				
Nova Scotia Business Incorporated	165,056	45,152	119,904	---
Nova Scotia Innovation Corporation	494	---	494	403
Nova Scotia Municipal Finance Corporation	462,271	---	462,271	474,058
Other Government Service Organizations	74	---	74	112
	627,895	45,152	582,743	474,573
Investments of Government Service Organizations:				
Art Gallery of Nova Scotia	2,506	---	2,506	---
Insured Prescription Drug Plan	8,494	---	8,494	10,979
Nova Scotia Business Incorporated	13,668	4,775	8,893	---
Nova Scotia Innovation Corporation	10,763	---	10,763	11,606
Other Government Service Organizations	877	---	877	878
	36,308	4,775	31,533	23,463
Total Loans and Investments	$ 1,037,774	$ 141,441	$ 896,333	$ 911,803

Provision for possible guarantee payouts are included in the Provisions as follows ($000):

Industrial Development Act $5,259, Housing Development Act $11,423 and Nova Scotia Business Incorporated $3,509.

Unmatured Debt

as at March 31, 2002
($ thousands)

	2002			2001
	Gross Debt	Sinking Funds and Defeasance Assets	Net Debt	Net Debt
Government Service Organizations				
Consolidated Fund	$ 14,758,449	$ 3,037,583	$11,720,866	$ 10,164,427
Nova Scotia Government Fund Limited	21,500	---	21,500	---
Nova Scotia Housing Development Corporation	328,054	---	328,054	337,441
Nova Scotia Municipal Finance Corporation	131,426	---	131,426	166,616
Nova Scotia Power Finance Corporation	1,178,050	1,178,050	---	---
Waterfront Development Corporation Limited	8,400	---	8,400	10,100
Other	1,024	---	1,024	1,788
Unmatured Debt of Government Service Organizations	16,426,903	4,215,633	12,211,270	10,680,372
Government Business Enterprises				
Halifax-Dartmouth Bridge Commission	123,000	13,600	109,400	114,799
Highway 104 Western Alignment Corporation	81,408	---	81,408	80,780
Nova Scotia Gaming Corporation	90,139	---	90,139	94,947
Nova Scotia Liquor Corporation	8,160	---	8,160	8,528
Unmatured Debt of Government Business Business Enterprises	302,707	13,600	289,107	299,054
Total Unmatured Debt	$ 16,729,610	$ 4,229,233	$12,500,377	$ 10,979,426

Notes:

All debt is presented in Canadian dollar equivalents and after giving effect to currency swap contracts itemized in Note 5.

The current and long-term portions of unmatured debt of Government Service Organizations are shown on the Consolidated Statement of Financial Position with reference to this schedule. Debt of Government Business Enterprises is reflected in the Deficiency in Government Business Enterprises and in further detail in Schedule 7.

As at March 31, 2002, the Consolidated Fund held Sinking Funds and Public Debt Retirement Funds of $3,037.6 million. These funds were comprised of $2,094.5 million in Canadian assets and $943.1 million in US assets (US $602.9 million converted to CDN$ based on the underlying securities' effective foreign exchange rates). Total market value of both funds is $3,217.7 million at year end. During the year, contributions were $291.2 million, total earnings were $192.3 million and redemptions were $513.3 million.

Sinking fund assets are recorded at cost, which include premiums and discounts associated with the purchase of these investments. These premiums and discounts are amortized on a straight-line basis over the term of the related investment. The unamortized portion of the premiums and discounts are included as part of the value of the sinking funds. As at March 31, 2002, the unamortized net premium was $121.1 million.

Unmatured Debt (continued)

as at March 31, 2002

($ thousands)

Assets consist primarily of debentures of the Provinces and Government of Canada with fixed interest rates ranging from 4.875% to 13.5% for Canadian funds and 6.375% to 9.5% for US funds. Sinking fund payments normally commence on the first anniversary date of the issue of the debenture and are designed to retire the debt over a 20 year period unless the term of the issue is longer. At year end, the Province held $1,126.2 million worth of its own debentures (gross value of $1,173.1 million) in Sinking Funds and Public Debt Retirement Funds as active investments.

As per the Nova Scotia Power Corporation Privatization Agreement, Nova Scotia Power Finance Corporation provides for defeasance of its debt. The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other Provincial Governments and utilities, Federal US bonds, coupons or residuals. The debt is shown net of defeasance assets on the Statement of Financial Position.

Future payments are as follows:

	Government Service Organizations			***Government Business Enterprises***	***Total***
	Net Principal Repayments	***Sinking Fund Requirements***	***Total Cash Commitment***		
2003	$ 1,024,363	$ 238,905	$ 1,263,268	$ 37,720	$ 1,300,988
2004	1,004,354	223,835	1,228,189	21,677	1,249,866
2005	858,317	201,134	1,059,451	21,777	1,081,228
2006	1,071,940	180,431	1,252,371	20,342	1,272,713
2007	596,671	141,021	737,692	20,958	758,650
2008 & thereafter	5,520,729	1,149,570	6,670,299	166,633	6,836,932
	$ 10,076,374	$ 2,134,896	$ 12,211,270	$ 289,107	$ 12,500,377

Net principal repayments is comprised of the principal amount due less available sinking funds to retire the debenture. Total cash commitment represents the aggregate amount of payments estimated to be required to meet sinking fund or retirement provisions of the debt.

Gross Long-term Debt
as at March 31, 2002
($ thousands)

	Foreign Exchange Rate	CDN $ Amount	Maturity Dates	Interest Rates
Government Service Organizations:				
		Debentures		
Consolidated Fund				
Consolidated Fund (CDN $)		$ 10,327,950	2002 to 2031	5.1% to 14.67%
Consolidated Fund (US $2,104,343)	1.5935	3,343,709	2002 to 2022	7.25% to 9.5%
Consolidated Fund (Yen 50,000,000)	0.0120	600,800	2004 to 2014	4.9% to 5.5%
Consolidated Fund (UK £35)	2.2693	79	2011 to 2019	11.75 to 16.75%
Nova Scotia Municipal Finance Corporation		131,426	2002 to 2015	1.00% to 12.5%
Nova Scotia Power Finance Corporation				
Nova Scotia Power Finance Corporation (CDN$)		700,000	2012 to 2031	10.25% to 11.25%
Nova Scotia Power Finance Corporation (US$300,000)	1.5935	478,050	2021	9.4%
Total - Debentures		15,582,014		
		Loans		
Consolidated Fund - Other Debt		890	2011	8.375%
Nova Scotia Government Fund Limited		21,500	2002 to 2007	1%
Nova Scotia Housing Development Corporation		328,054	2002 to 2034	4.0% to 21.5%
Waterfront Development Corporation Limited		8,400	Demand loan	bank prime less 0.95%
Total - Loans		358,844		
		Capital Leases		
Consolidated Fund		485,021	2003 to 2027	5.4% to 11%
Other		1,024	2003 to 2006	0% to 12.5%
Total - Capital Leases		486,045		
Total - Long-term Debt of Government Service Organizations		**$ 16,426,903**		
Government Business Enterprises:				
		Debentures		
Halifax-Dartmouth Bridge Commission		100,000	2007	5.95%
Highway 104 Western Alignment Corporation		81,408	2011 to 2026	10.13% to 10.76%

Gross Long-term Debt *(continued)*
as at March 31, 2002
($ thousands)

	CDN $ Amount	Maturity Dates	Interest Rates
	Loans		
Halifax-Dartmouth Bridge Commission	23,000	2007	floating (line of credit)
	Capital Leases		
Nova Scotia Gaming Corporation	90,139		12%
Nova Scotia Liquor Corporation	8,160	2012	13.8%
Total - Long-term Debt of Government Business Enterprises	302,707		
Total Gross Long-term Debt	**$ 16,729,610**		

Call, Redemption and Other Features:

Consolidated Fund

Canadian debentures include the following redeemable issues:

- $1,173 million in CPP debentures which are redeemable in whole or in part before maturity, on six months notice, at the option of the Minister of Finance of Canada;
- $150 million, redeemable in whole or in part, on 30 days notice on July 3, 2005, or on any interest payment date thereafter, at the option of the Province;
- $150 million, redeemable in whole or in part, on 30 days notice on December 12, 2005, or on any interest payment date thereafter, at the option of the Province; and
- $175 million in promissory notes, redeemable in whole but not in part, on the initial redemption date and on each redemption date thereafter, on 10 days notice, at the option of the Province.

Japanese Yen debentures include 15,000 million yen, redeemable in whole but not in part, on not less than 30 days notice nor more than 60 days notice on August 25, 2004 or on August 25, 2009.

The interest rates shown for the Canadian and US debentures reflect the fixed rates only. There are debentures which have floating and step-up rates. Floating interest rates are adjusted on either a monthly or quarterly basis. Step-up rates are adjusted per the individual promissory note step-up schedules.

Nova Scotia Housing Development Corporation

Mortgages and notes payable are secured by an assignment of mortgages receivable and investments in social housing.

Highway 104 Western Alignment Corporation

In relation to its senior toll bonds, the Corporation has provided an assignment of all the present and future property and assets, including rights to operate the facility, and a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account.
In relation to its junior toll bonds, the Corporation has assigned a second charge security interest in all security pledged to the senior toll revenue bondholders.

Halifax-Dartmouth Bridge Commission

The Commission's toll bonds are secured by an assignment of revenues of the Commission; subject to the prior payment of operating, maintenance and administrative expenses, and the maintenance of certain reserve funds by the Commission.

Direct Guarantees

as at March 31, 2002

($ thousands)

	Authorized	*Utilized*	
	2002	***2002***	***2001***
Bank Loans:			
Nova Scotia Business Development Corporation	$ ---	$ ---	$ 10,175
Nova Scotia Business Incorporated	6,079	6,079	---
Industrial Development Act	97,442	87,135	85,056
Nova Scotia Fisheries and Aquaculture Loan Board	2,980	2,837	3,278
Nova Scotia Innovation Corporation	115	115	115
Department of Education - Student Loan Program	51,824	51,824	33,257
Total - Bank Loan Guarantees	158,440	147,990	131,881
Promissory Notes:			
Nova Scotia Resources Limited (US$ 250,000,000)	---	---	4,200
Nova Scotia Resources Limited to Canada-Nova Scotia Offshore Petroleum Board	17,500	17,500	17,500
Total - Promissory Note Guarantees	17,500	17,500	21,700
Mortgages:			
Nova Scotia Housing Development Corporation Act	240,067	205,948	211,003
Provincial Finance Act	550	550	601
Total - Mortgage Guarantees	240,617	206,498	211,604
Other Guarantees:			
Sysco Performance bonds (Includes US $ component 122,228)	543	543	9,719
Trade Centre Limited	3,000	3,000	3,000
Total - Other Guarantees	3,543	3,543	12,719
Total - Direct Guarantees	$ 420,100	$ 375,531	$ 377,904
Less: Provision for Guarantee Payout:			
Industrial Development Act		(5,259)	(4,616)
Nova Scotia Business Development Corporation		—	(5,444)
Nova Scotia Business Incorporated		(3,509)	---
Department of Education - Student Loan Program		(16,000)	(12,000)
Nova Scotia Housing Development Act		(11,423)	(8,400)
		(36,191)	(30,460)
Net Direct Guarantees Not Provided for in these financial statements		$ 339,340	$ 347,444

TRADE CENTRE LIMITED

The Trade Centre Limited has entered into a contract in which it has guaranteed a minimum profit in the amount of $3.0 million to the Canadian Hockey Association in connection with the hosting of the World Junior Hockey Championship by the Halifax Metro Centre commencing in December, 2002.

Government Business Enterprises
as at March 31, 2002
($ thousands)

	2002									2001
	Halifax - Dartmouth Bridge Commission	Highway 104 Western Alignment Corporation	Nova Scotia Gaming Corporation	Nova Scotia Liquor Corporation	Nova Scotia Resources Limited*	Nova Scotia Resources Limited Adjustments	Sydney Steel Corporation*	Sydney Steel Corporation Adjustments	Total	Total
Cash	$ 4,014	$ 483	$ 25,441	$ 10,733	$ 13,626	$	$ 24,300	$ (24,300)	$ 54,297	$ 47,178
Accounts	185	202	---	2,457	1,000	---	7,483	(7,483)	3,844	14,834
Inventory	---	22	2,448	19,516	---	---	4,399	(4,399)	21,986	19,329
Fixed Assets	77,990	115,062	126,772	14,446	5,332	---	1	(1)	339,602	325,489
Other Assets	20,739	13,816	5,976	53	---	---	---	---	40,584	33,448
Total - Assets	102,928	129,585	160,637	47,205	19,958	---	36,183	(36,183)	460,313	440,278
Accounts Payable	1,290	485	781	39,045	6,763	500	6,898	(6,898)	48,864	52,899
Long term Debt	123,000	81,408	90,139	8,160	---	---	---	---	302,707	307,255
Other Liabilities	3,519	51,838	69,717	---	11,832	---	---	---	136,906	118,284
Total - Liabilities	127,809	133,731	160,637	47,205	18,595	500	6,898	(6,898)	488,477	478,438
Equity (Deficit)	(24,881)	(4,146)	---	---	1,363	(500)	29,285	(29,285)	(28,164)	(38,160)
Total Liabilities Equity (Deficit)	102,928	129,585	160,637	47,205	19,958	---	36,183	(36,183)	460,313	440,278
Revenue	$ 23,144	$ 14,026	$ 468,941	$ 391,427	$ 230,491	$ (230,491)	$ 3,009	$ (3,009)	$ 897,538	$ 942,151
Expenses	9,585	5,706	298,826	245,563	28,681	(28,681)	174	(174)	559,680	590,222
Debt Servicing	7,895	8,316	10,743	2,006	(1,701)	1,701	---	---	28,960	105,821
Total - Expenses	17,480	14,022	309,569	247,569	26,980	(26,980)	174	(174)	588,640	696,043
Net Income (Loss)	$ 5,664	$ 4	$ 159,372	$ 143,858	$ 203,511	$ (203,511)	$ 2,835	$ (2,835)	$ 308,898	$ 246,108

* Note Nova Scotia Resources Limited was deemed a discontinued operation during fiscal year 2000-2001
Sydney Steel Corporation was deemed a discontinued operation during fiscal year 1999-2000

Government Business Enterprises *(continued)*
as at March 31, 2002

HALIFAX-DARTMOUTH BRIDGE COMMISSION

The Commission is incorporated by Special Statute of the Province of Nova Scotia. The purpose of the Commission is to construct, maintain and operate bridges and their necessary approaches across the Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm. Bridge tolls are regulated by the Nova Scotia Utility and Review Board, a provincially controlled public sector entity. The Commission's fiscal year end is December 31. At March 31, 2002, the Commission owed $23 million to the Province's Consolidated Fund for a revolving line of credit. The Commission records depreciation on bridge assets using the straight-line method and uses the declining balance method for all other assets. Included in other assets is a reserve fund in the amount of $15.0 million, $7.9 million of which is restricted for repayment of principal, interest and fees on Toll Revenue Bonds as established under the terms of the trust indenture.

HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

The Corporation has been established to finance, design, construct, operate and maintain a 45 km stretch of highway between Masstown and Thomson Station in the counties of Colchester and Cumberland, Nova Scotia. The Province of Nova Scotia retains ownership of the highway. The Corporation is granted the right to operate the highway and collect tolls for a 30 year period, pursuant to an agreement dated April 1, 1996, after which time the right will revert back to the Province. In addition, the Corporation has entered into an operating agreement with the Province, whereby compensation is based on the annual operating budget plus a variable fee. The Corporation's fiscal year end is March 31. The Corporation records depreciation using the sinking fund method. Restricted assets, consisting of short-term investments in the amount of $12.8 million, are included in other assets. These reserve accounts were established in accordance with trust indenture agreements between the Corporation and bondholders.

The Province of Nova Scotia has contributed $55.0 million toward construction of highway, one-half of which was recovered from the Federal Government under the Canada-Nova Scotia Strategic Highway Improvement Program.

NOVA SCOTIA GAMING CORPORATION

The Corporation was incorporated on February 15, 1995 by Chapter 4 of the Gaming Control Act of 1994-95. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery business on behalf of the Province. The Corporation's fiscal year end is March 31.

The revenues of the Corporation are derived from two casinos located in Halifax and Sydney and the Atlantic Lottery Corporation. The net balance owing to the Province at March 31, 2002 was $14.0 million.

The Corporation is required to reimburse the Operator for approved development costs of the Halifax and Sydney casinos. The net present value of the remaining obligations for casinos is approximately $90.1 million.

Unclaimed prizes are retained by the Corporation in a prize fund for one year from the announced beginning date of the draw. At March 31, 2002, this amounted to $9.6 million.

Video Lottery Terminal (VLT) retailers in Nova Scotia have agreed, under the terms of their retailer agreements with the Atlantic Lottery Corporation Inc. to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the VLT retailers.

The Corporation has agreed to an annual contribution of $1.0 million annually to the Department of Health to provide funds for programs related to problem gambling. The Corporation will provide up to $0.8 million in funds in fiscal 2002-2003 for the harness industry in Nova Scotia.

Government Business Enterprises (continued)
as at March 31, 2002

NOVA SCOTIA LIQUOR CORPORATION

The Corporation derives its mandate from the Liquor Control Act, Chapter 260 of the Revised Statues of Nova Scotia, 1989. The Corporation operates retail sales locations across the province. Its fiscal year end is March 31. The net balance owing to the Province at March 31, 2002 was $6.4 million.

NOVA SCOTIA RESOURCES LIMITED

The Company has significant discovery licenses and gross royalty on the Deep Panuke/Cohasset gas field. The carrying value of oil and gas properties is $5.3 million at December 31, 2001.

The Province has proceeded with its plan to sell the Company. In November 2000, the Company's $796.4 million debt was fully assumed by the Province. Purchase and Sale Agreements were negotiated in February 2001 under which most of the oil and gas properties and related liabilities and commitments were sold as at December 1, 2000 with closing dates of June 15, 2001 and July 31, 2001. As a result, this schedule has been adjusted by provisions for the sale recorded by the Province for the discontinued operations of the Company. In December 2001, further assets were sold for gross proceeds of $22.5 million. The sale of NSRL shares for $4 million and other considerations is still pending at this financial statement date. See Notes 3 and 13 for further details.

SYDNEY STEEL CORPORATION

The Sydney Steel Corporation (Sysco), a Provincial Crown Corporation established by an Act of the Legislature, operated a steel mill at Sydney, Nova Scotia.

Sysco's operations have been discontinued and work is underway to dismantle and sell the remaining assets. As such, Sysco's Statement of Financial Position has been reported on a liquidation basis. This schedule has been adjusted to reflect provisions for closure recorded by the Province as at March 31, 2000. As at March 31, 2002, the remaining provision for closure of Sysco is $13.1 million which is offset by the $29.3 million expected value of Sysco's remaining assets on liquidation. Further provisions have been established for environmental clean up of the Sysco plant and Tar Ponds sites with balances of $245.5 million and $53.5 million respectively as at March 31, 2002.

Reporting Entity
as at March 31, 2002

Listed below are the government service organizations, government business enterprises, government partnership arrangements, and government business partnership arrangements that are included in the government reporting entity.

Government Service Organizations
(Consolidation Method)

Annapolis Valley District Health Authority
Annapolis Valley Regional School Board
Art Gallery of Nova Scotia
Cape Breton District Health Authority
Cape Breton Victoria Regional School Board
Capital District Health Authority
Check Inns Limited
Chignecto-Central Regional School Board
Colchester East Hants District Health Authority
College de l'Acadie
Conseil Scolaire Acadien Provincial
Consolidated Fund (1)
Cumberland Health Authority
Fisheries and Aquaculture Development Fund
Guysborough Antigonish-Strait Health Authority
Halifax Regional School Board
Industrial Expansion Fund
Insured Prescription Drug Plan Trust Fund
Izaak Walton Killam Health Centre
Law Reform Commission
Nova Scotia Arts Council
Nova Scotia Business Incorporated
Nova Scotia Community College
Nova Scotia Crop and Livestock Insurance Commission
Nova Scotia Farm Loan Board
Nova Scotia Film Development Corporation
Nova Scotia Freedom of Information and Protection of Privacy Review Office
Nova Scotia Gaming Foundation
Nova Scotia Government Fund Limited
Nova Scotia Harness Racing Incorporated
Nova Scotia Health Research Foundation
Nova Scotia Housing Development Corporation
Nova Scotia Innovation Corporation
Nova Scotia Legal Aid Commission
Nova Scotia Municipal Finance Corporation
Nova Scotia Police Commission
Nova Scotia Power Finance Corporation
Nova Scotia Primary Forest Products Marketing Board
Nova Scotia Utility and Review Board
Pictou County District Health Authority
Provincial Community Pastures Board
Provincial Drug Distribution Program
Public Archives
Resource Recovery Fund Board Incorporated
Rockingham Terminal Incorporated (inactive)
Sherbrooke Restoration Commission
South Shore District Health Authority
South West Nova District Health Authority
Southwest Regional School Board
Strait Regional School Board
Sydney Environmental Resources Limited
Tidal Power Limited (inactive)
Trade Centre Limited
Upper Clements Family Theme Park Limited
Waterfront Development Corporation Limited

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(1) - Includes all departments and public service units of the Nova Scotia Provincial Government.

Reporting Entity *(continued)*
as at March 31, 2002

Government Business Enterprises
(Modified Equity Method)

Halifax-Dartmouth Bridge Commission
Highway 104 Western Alignment Corporation
Nova Scotia Gaming Corporation (includes 25% interest in Atlantic Lottery Corporation)
Nova Scotia Liquor Corporation
Nova Scotia Resources Limited (disposal in progress)
Sydney Steel Corporation (disposal in progress)

Government Partnership Arrangements
(Proportionate Consolidation Method)

Atlantic Provinces Special Education Authority (approximately 54% share)
Canadian Blood Services (approximately 4% share)
Council of Maritime Premiers (approximately 51% share)
Canada-Nova Scotia Offshore Petroleum Board (50% share)
National Sports Centre Atlantic (approximately 6% share)

Government Business Partnership Arrangements
(Proportionate Modified Equity Method)

Interprovincial Lottery Corporation (1 of 10 shares)

1. FINANCIAL REPORTING AND ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, which for purposes of the Province's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

These consolidated financial statements have been prepared using the following significant accounting policies:

a) The Consolidated Reporting Entity

The consolidated reporting entity is comprised of the Consolidated Fund, Government Service Organizations, Government Business Enterprises, Government Partnership Arrangements and Government Business Partnership Arrangements. This represents the entities which are accountable for the administration of their financial affairs and resources either to a Minister of the government or directly to the House of Assembly and are owned or controlled by the government.

Trusts administered by the Province are excluded from the reporting entity and are disclosed separately on the Statement of Financial Position for information purposes only.

b) Principles of Consolidation

The accounts of Government Service Organizations are consolidated on a line-by-line basis after adjusting the accounting policies to be consistent with those described in Note 1(c), with the exception of Tangible Capital Assets. Significant inter-organization accounts and transactions are eliminated.

A Government Business Enterprise is a self-sustaining organization which has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue. Government Business Enterprises have been accounted for on the modified equity basis which does not require any accounting policy adjustments. Their deficits are included in these consolidated financial statements on the Statement of Financial Position. Their net income and net loss are shown as separate line items on the Statement of Operations.

A Government Partnership is a contractual arrangement between the government and a party or parties outside the reporting entity. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership. Where significant, government's interest in partnerships is accounted for using proportionate consolidation.

A Government Business Partnership is a government partnership that sells goods and services to individuals and organizations outside the partnership as its principal activity, and has been delegated the financial and operational authority to carry on a business. Where significant, government's interest in a business partnership is accounted for on the proportionate modified equity basis.

A complete listing of the organizations within the Government Reporting Entity is provided in Schedule 8.

Financial results from fiscal year end to March 31, 2002, for Government Business Enterprises whose fiscal year ends are not March 31, were not significant to these consolidated financial statements so they have not been adjusted. Other adjustments have been made as noted on Schedule 7 regarding Nova Scotia Resources Limited and Sydney Steel Corporation.

c) Significant Accounting Policies

Revenues

Revenues are recorded on the accrual basis. The main components of revenue are interest, various taxes and legislated levies. Revenues from Personal and Corporate Income Taxes, Harmonized Sales Taxes, Federal Equalization payments and the Canada Health and Social Transfers are accrued in the year earned based upon estimates using statistical models. These federal revenues are recorded at the net amount estimated, after considering adjustments for tax credits and administrative costs related to the collection and processing performed by the federal government.

Net Expenses

Net expenses are recorded on the accrual basis and include the cost of supply inventories purchased during the year. Net expenses include recoveries and fees which are directly related to the expenses and are not normally considered to be revenues. Recoveries and fees may include insignificant amounts from other Government Service Organizations, departments and public service units. Gross expenses, before the impact of recoveries, are reported in Note 9 - Net Expenses By Object. Grants are recognized in the period during which both payment is authorized and any eligibility criteria are met. Provisions are made for probable losses on certain loans, investments, loan guarantees, accounts receivable, advances, forgivable loans and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

Financial Assets

Cash and Short-term Investments are recorded at cost which approximates market value. Investments normally include R-1 (mid to high) rated Bankers' Acceptance, term deposits and commercial paper with fixed interest rates averaging 2.1% and are for terms of 1 to 70 days.

Accounts Receivable and Advances are recorded at the principal amount less valuation allowances.

Inventories consist of items held for resale. All other items are expensed in the period.

Loans and Investments are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by a department of government. Any loan write-offs must be approved by the Governor-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

Liabilities

Bank Advances and Short-term Borrowings are generally for less than 180 days and are recorded at cost which approximates market value. Short-term Borrowings had a weighted average interest rate of 2.04% on CDN dollar borrowings.

Unmatured Debt consists of debentures and various loans in Canadian and foreign currencies and capital leases. Debt is recorded at par, net of sinking funds.

Sinking Fund and Public Debt Retirement Fund objectives are to manage short-term liquidity, to manage interest rate and currency exposure and to assist in the orderly refunding of maturing debt while maximizing the long-term investment return to the Province. Sinking fund payments usually commence on the first anniversary date of the issue and are generally designed to retire the debt over a 20 year period or the term of the issue. Sinking Fund and Public Debt Retirement Fund investments are recorded at cost and consist primarily of debentures of the Province of Nova Scotia, other provincial governments and the Government of Canada. Sinking funds for US currency debentures are invested in US dollars denominated investments. Premiums and discounts on sinking funds are deferred and amortized over the life of the investment. Amortization and realized gains and losses for premiums and discounts relating to sinking fund balances and instalments are netted against sinking fund earnings.

Unamortized Foreign Exchange Translation Gains and Losses result when debentures payable in foreign currencies, accrued interest thereon, and sinking funds invested in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at March 31. Foreign exchange gains and losses on the translation of foreign currency are amortized on a straight-line basis over the remaining term of the related monetary issue.

Premiums and Discounts, as well as underwriting commissions relating to the issuance of debentures, are deferred and amortized over the term of the related investment. Amortization and realized foreign exchange gains and losses, premiums and discounts relating to debt balances and serial retirements are charged to debt servicing costs. Amortization and realized foreign exchange gains and losses relating to sinking fund balances and instalments are netted against sinking fund earnings.

Pension, Retirement and other Obligations include various employee benefits. For purposes of these consolidated financial statements, the Province's pension liabilities are calculated using an accrued benefits actuarial method and using accounting assumptions which reflect the Province's best estimates of performance over the long-term. The net pension liability represents accrued pension benefits less the market value of pension assets (if applicable) and the balance of unamortized experience gains and losses. The Public Service Superannuation Plan, the Teacher's Pension Plan, the Sydney Steel Corporation Pension Fund and the Long-term Disability Plan each have separate funds. The Province also maintains accounts within the Consolidated Fund for other pension and retirement obligations as described in Note 6. Pension expense includes the value of pension benefits earned in the period and the amortization of experience gains and losses. Related interest is charged or credited to debt servicing costs. Other obligations include self-insured workers' compensation and long-term disability benefits. These amounts are assessed each year at March 31 and any adjustments are charged or credited to expenses.

Net Direct Debt

Net Direct Debt represents the direct liabilities of the Province less financial assets and unamortized foreign exchange translation gains and losses and premiums and discounts on outstanding debenture issues.

Tangible Capital Assets

Tangible Capital Assets have useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at net historical cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, construction, development and installation of the tangible capital asset, except interest. Tangible Capital Assets include land, buildings, major equipment, computer equipment and software, vehicles, ferries, roads, highways, and bridges. Tangible capital assets do not include intangibles or assets acquired by right such as forests, water and mineral resources or works of art and historical treasures.

Accumulated Deficits

Accumulated deficits represents the direct liabilities of the Province less financial assets, tangible capital assets and unamortized foreign exchange translation gains and losses and premiums and discounts on outstanding debenture issues. It is the accumulated balance of net deficits arising from the operations of the Province.

d) Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. Accuracy of these numbers depends on the completeness and quality of information available when the recorded amount is derived. There could be significant variances among the estimates recorded, the actual results achieved and another reasonable estimate. For example, revenues from Personal and Corporate Income Taxes, Federal Equalization payments and Canada Health and Social Transfers are accrued in the year earned based on estimates using statistical models. Also, pension obligations are recorded based on various assumptions about plan members and economic conditions in the marketplace.

2. PRIOR PERIOD ADJUSTMENT

Certain accounting policy changes were made during the year and have been reflected retroactively in these consolidated financial statements. The accounting policy with respect to Industrial Parks and Malls was changed to become more compliant with generally accepted accounting principles. In the past, they were accounted for as Investments. The Industrial Parks and Malls are now accounted for as Tangible Capital Assets to be amortized over their useful life. The impact of this change is a $0.8 million decrease in the surplus for March 31, 2001 and a $23.6 million increase in Net Direct Debt as at March 31, 2000. Also, there has been a $21.8 million decrease in Loans and Investments and a $5.7 million increase in Tangible Capital Assets as at March 31, 2001 due to this change.

3. UNUSUAL ITEMS

The Unusual Items disclosed on the Statement of Operations represent accounting provisions established or adjusted for the sale of certain assets from discontinued operations.

The provisions are comprised of the following :

	2002	2001
	($ millions)	
Nova Scotia Resources Limited		
Proceeds on sale of assets	$ 22.5	$ 355.0
Net book value of assets	7.1	(187.0)
Interest and revenue adjustments	0.2	17.9
Costs related to sale	1.0	(6.1)
	30.8	179.8
Nova Scotia Innovation Corporation		
Gain on sale of assets	0.2	---
Total Unusual Items - Net Gain	$ 31.0	$ 179.8

Nova Scotia Resources Limited (NSRL)

Most of the Company's assets were sold during 2000-01. Negotiations proceeded for the sale of some additional assets in December 2001 for $22.5 million. Further adjustments to previous sales provisions have been quantified during the year and are reflected in the amounts as reported above. The gain from the sale of assets of NSRL, net of related costs, is included as an Unusual Item on the Statement of Operations for purposes of the 2000-01 and 2001-02 financial statements.

During the year, the Province continued its search for potential buyers of the shares of NSRL. The sale of NSRL shares has not been finalized and no amounts have been recorded in these financial statements.

Nova Scotia Innovation Corporation

During the year, the Company disposed of its Environmental Simulation Lab division and the assets of its wholly owned subsidiary, Nova Magnetics Limited. The total net gain on these discontinued operations is included as an Unusual Item on the Statements of Operations for purposes of the 2001-02 financial statements.

4. RESTRICTED CASH AND SHORT-TERM INVESTMENTS

As at March 31, 2002, restricted cash and short-term investments of $46.5 million ($37.9 million as at March 31, 2001) have been designated for restricted purposes by parties external to the Province.

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Province is a party to financial instruments with off-balance sheet risk, either to hedge against the risks associated with fluctuations in foreign currency exchange rates or to manage risks associated with interest rate fluctuations. Foreign currency contracts are used to convert the liability for foreign currency borrowing and associated costs into Canadian or US dollars. Interest rate contracts are used to vary the amounts and periods for which interest rates on borrowing are fixed or floating. Foreign exchange contracts include forward and future contracts, swap agreements and options. Interest rate contracts include forward rate agreements, future contracts, swap agreements and options on swaps, and deferred rate setting agreements.

The Province's credit policy is that it only executes derivative transactions with well rated counter parties. All counter parties are rated equal to or better than the Province.

The Province has executed the following swap contracts to convert certain interest payments from a fixed to floating, from floating to fixed, floating to floating or fixed to fixed basis for the fiscal year ended March 31, 2002

# of Swaps	Currency	Notional Principal	Term Remaining	Reset Index	Spread	Mark to Market *
		($ thousands)	(years)			($ millions)
104	CDN$	1,591,870	1 to 21	3 mth CAD-BA-CDOR	-0.1630 to +0.364	(16.3)
				1 mth CAD-BA-CDOR	-0.06 to +0.891	
12	US$	1,332,597	2 to 20	3 mth USD-LIBOR	no spread	
				3 mth CAD-BA-CDOR	+0.3555	151.9
3	UK£	143,215	2	6 mth GBP-LIBOR-BBA	-0.055 to +2.96	
				6 mth USD-LIBOR-BBA	+2.59	(16.7)
2	Euro	90,000	6 to 8	3 mth CAD-BA-CDOR	+0.385	(7.3)
				3 mth EUR-EURIBOR	+0.1875	
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* Mark to Market is an indication of the swap's market value as at March 31, 2002. This represents the estimated realizable gain (loss) and is equivalent to the present value of future interest savings based on market conditions as at March 31, 2002. The mark to market values of the currency swaps are reflected in the amounts shown under interest rate swaps.

The Province has also executed several currency swap contracts to convert foreign denominated debt into Canadian or United States denominated debt as follows:

Termination Date	Original Currency	Original Principal	Current Currency	Current Principal
		($ thousands)		($ thousands)
April 19, 2004	UK£	60,000	US$	98,736
April 30, 2004	UK£	23,215	US$	38,204
February 27, 2012	US$	500,000	CDN$	795,000
March 15, 2016	US$	150,000	CDN$	205,725
March 1, 2020	US$	300,000	CDN$	409,200
April 1, 2022	US$	182,597	CDN$	247,967
December 28, 2007	Euro	40,000	CDN$	56,120
February 24, 2010	Euro	50,000	CDN $	72,235

6. PENSION, RETIREMENT AND OTHER OBLIGATIONS

a) Description of Obligations

Employees of the Province and certain other entities are entitled to receive pension benefits from the Province's Consolidated Fund and several separate pension funds administered by the Province of Nova Scotia. These pensions are defined benefit plans and the pension liabilities are adjusted each year on an accrued benefit basis to reflect the net actuarial position of the plan to date. The Province records the full amount of any unfunded pension or retirement liability. For the Public Service Superannuation Plan (PSSP) and the Nova Scotia Teachers' Pension Plan (TPP), the Province records the full unfunded liability, but records only its 50% share of any surplus in the PSSP and the TPP as it shares any surplus equally with the members.

i) Pension and Retirement Obligations

The following is a general description of the various plans, including benefit formulae:

Public Service Superannuation Plan (PSSP)

The plan invests in Canadian and foreign equities, bonds, debentures, mortgages and money market securities. Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with a total market value of $44.2 million as at March 31, 2002.

Employees are required to contribute 5.4% of earnings up to the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) and 7% of any earnings over the YMPE. Contributions are matched by the Province and participating agencies.

Pension benefits are based on average salary during the five highest earning years at the rate of 2% per year of contributions. Normal retirement age is considered to be age 65. If early eligibility criteria are not met, employees may elect early retirement as early as age 55 on an actuarially reduced pension basis. Pensions are inflation protected to the lesser of 6% or the increase in the Consumer Price Index (CPI).

In the event there are insufficient funds within the PSSP to make all payments required by the Act, the Province guarantees cash flow assistance.

Nova Scotia Teachers' Pension Plan (TPP)

The plan invests in Canadian and foreign equities, bonds, debentures, mortgages and money market securities. Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with a total market value of $63.5 million as at March 31, 2002.

Pursuant to an agreement with the Nova Scotia Teachers' Union in 1993, amendments were made to the Teachers' Pension Act (Schedules A and B) regarding amounts which the Province would pay to the Pension Fund. Schedule A was paid out in 1997. Under Schedule B, the Province is committed to making a series of payments which began at $10.0 million per annum in 1993, increased by 7.5% each year thereafter until 2003. The present value of these future payments as at March 31, 2002, is approximately $22.5 million and has been recognized in these financial statements.

Members are required to contribute 8.3% of earnings up to the YMPE under the CPP and 9.9% of any earnings over the YMPE. Contributions are matched by the Province.

Pension benefits are based on average salary during the five highest earning years at the rate of 2% per year of contributions. Normal retirement age is considered to be age 65. Eligible employees taking early retirement can receive reduced benefits beginning at age 55; integration with CPP reduces benefits after age 65. If early eligibility criteria are not met, employees may still elect early retirement as early as age 55 on an actuarially reduced pension basis. Pensions are inflation protected to the lesser of 6% or the increase in the CPI less 1% (never less than zero).

In the event there are insufficient funds within the TPP to make all payments required by the Act, the Province guarantees cash flow assistance.

Members' Retiring Allowance Act (MRA)

There is no separate fund for the Members' Retiring Allowances. Contributions are paid to the Consolidated Fund of the Province and allowances are paid from the Consolidated Fund.

Members are required to contribute 10% of their Annual Indemnity Payment, their annual allowance for expenses and Executive Council salary or other salaried office. The Province contributes 3.96 times the contributions by members.

Pension benefits are based on average salary during the last three years of the rate of 5% per year of contribution to a maximum of 15 years of service. A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies and having attained age 55. Members may make application for an actuarially reduced allowance at age 45. Pensions are inflation protected to the lesser of 6% or the increase in the CPI.

Early Retirement Incentive Program (ERIP)

The Province has offered early retirement incentive programs to members of the Public Service Superannuation Plan at various times commencing in 1986. Qualified members were offered additional years of pensionable service if they elected to retire. These are obligations of the Province and are not payable from the Public Service Superannuation Plan. The last ERIP offering expired on April 1, 1998.

Teachers' Early Retirement Program (ERP)

This program, which commenced in 1994, entitled teachers who met the eligibility criteria to retire early. For each program participant, the ERP liability was increased by an amount equal to the present value of the remaining payments for the prescribed obligation. This ERP offering expired on April 1, 1998.

Judges' Pension Supplement (JPS)

Provincial and Family Court judges are members of the Public Service Superannuation Plan with all the benefits it entails. However, judges are also eligible to retire under the terms of the Provincial Court Act. A judge who retires at age 65 with at least five years of service is entitled to pension benefits based on the average salary during the three highest earning years at the rate of 7% per year of contributions to a maximum of 70%. The base benefit is paid by the Public Service Superannuation Plan and the supplement necessary to bring the judge's total pension up to the amount payable under the terms of the Provincial Court Act is paid from the Consolidated Fund of the Province. In March 2002, the program was amended and an additional obligation based on past service, has been accounted for in these consolidated financial statements.

Deputy Ministers' Supplement (DMS)

Deputy Ministers are members of the Public Service Superannuation Plan. Benefits paid to retiring Deputy Ministers are based on the average salary for the three highest earning years instead of the five highest earning years which is the entitlement under the Public Service Superannuation Plan. The amount of pension benefit which is attributable to this difference in entitlement is paid from the Consolidated Fund of the Province. A member qualifies for benefits as early as age 50, if they have 20 years of service, five of which were served as a Deputy Minister.

Sydney Steel Corporation Pension Fund (SSPF)

The fund invests in Canadian and foreign equities, bonds, debentures and short-term notes.

The fund is comprised of three plans covering steelworkers, CUPE workers and salaried members. Defined pension benefits are based on $30 and $35 per month per year of credited service, respectively, to a maximum of 35 years. The salaried plan has some additional benefits based on required contributions. Senior management benefits are based on 2% of the best five years' average earnings per year in the last ten years. Steelworkers and CUPE plans are noncontributory. The salaried plan contributions are 3% of salary up to YMPE and 5% of salary above YMPE.

Other Service (Other)

The Province's Consolidated Fund is also responsible for funding the cost of certain types of pensionable service which do not fall into the categories described above.

Public Service Awards (PSA)

Upon retirement, employees of the Province are eligible for a Public Service Award equal to one week's salary per year of service to a maximum of six months salary. The liability consists of obligations recorded as 1% of total payroll plus interest allocated annually.

Retiring Allowances

District Health Authorities, School Boards and certain other government service organizations also offer a retiring allowance for benefits accruing to employees under various contractual arrangements. The amount of these allowances has been estimated for these financial statements using standard actuarial methods.

Retirement Benefits

Retirement benefits other than pensions are often offered as a form of compensation to employees. Under the various retirement arrangements sponsored by the Province as described above, retirees receive subsidized health plan benefits during retirement. For example, members of the Public Service Superannuation Plan pay 65% and the Province pays 35% of the cost of their health plan coverage during retirement. Members of the Teachers' Pension Plan receive fully subsidized health plan coverage during retirement. The coverages, plans and subsidies vary depending on the collective agreements negotiated with each group. The Province currently expenses premiums as paid. No other amounts for these obligations have been recorded in these financial statements.

ii) Other Obligations

Self-Insured Workers' Compensation (WCB)

The Province is self-insured for Workers' Compensation purposes. Any approval claims from injured workers are paid directly by the Province. The amount recorded in these financial statements represents the actuarial estimate of future payments based on claims ongoing as at March 31, 2002.

Long-term Disability (LTD)

The Province participates with the Nova Scotia Government Employees Union in the administration of the Nova Scotia Public Service Long-Term Disability Plan Trust Fund. The Fund provides benefits to those workers approved for long-term disability leave. Other LTD plans are accounted for on the cash basis and are not yet actuarially valued.

b) Member Data

The following table provides member data for certain plans:

Pension Plan	Active Members	Average Age of Active Members	Estimated Average Remaining Service Life	Average Salary of Active Members	Average Pension	Number of Pensioners
PSSF	14,355	45.2	14.0	$ 40,970	$ 12,542	9,730
TPP	13,179	43.7	14.3	46,968	29,048	8,081
MRA	52	50.7	7.0	60,556	28,484	102
JPS	31	54.9	11.0	144,806	32,757	27
DMS	19	51.7	7.8	n/a	5,753	36
SSPF	0	n/a	0	n/a	8,852	1,975
Other	n/a	n/a	n/a	n/a	3,040	762

Those pensioners who retired under the PSSP's ERIP or the TPP's ERP programs are included in the number of pensioners for those respective plans.

c) Actuarial Assumptions

The table below summarizes some of the key accounting assumption used by actuaries to estimate the Province's pension obligations.

Pension Plan	*Real Rate of Return on Assets*	*Annual Salary Increase*	*Inflation*	*Average Retirement Age*
PSSF	5.00%	3.5% + merit	3.0%	60
TPP	5.00%	3.5% + merit	3.0%	56
MRA	3.93%	3.0%	3.0%	58
JPS	3.93%	3.5%	3.0%	65
DMS	3.93%	3.5%	3.0%	60
SSPF	3.93%	N/A	3.0%	57
Other	3.93%	N/A	3.0%	N/A

a) Obligation Totals

Details of the pension, retirement and other obligations are outlined in the table below. Pension obligations are calculated on an actuarial basis. Actuarial assumptions used include factors such as retirement age, mortality rates, rates of return on investments, management's best estimates of short and long-term interest and inflation rates, marital status and future salary levels, among others. In most cases, the estimated plan assets (if applicable) and plan liabilities reported have been updated to the year end date by extrapolating the data from the last valuation.

The actuarial process uses assumptions to calculate the present value of accrued pension benefits. Pension plan assets are stated at either cost or market value at the year end date. Actual experience may vary from the predicted performance of the plans due to such factors as inflation or market performance of fund assets. The resulting gains or losses are amortized over the estimated average remaining service life of the plan members. The net pension obligation represents the accrued pension benefits net of pension assets and the unamortized experience gains or losses. By following PSAB recommendations for pension accounting, the decision on how plans are funded should not affect the expense recognized in the financial statements.

The following table details the net obligations for the plans noted:

Last Actuarial Valuation Date	*Pension Plan and Other Obligations*	*Estimated Accrued Benefits*	*Market Value of Assets*	*Unamortized Experience Gains (Losses)*	*2002 Net (Surplus) Obligation*	*2001 Net (Surplus) Obligation*
March 2000	PSSP (at 50%)**	$ 1,407,436	$ 1,473,521	$ (136,373)	$ (202,458)	$ (186,602)
March 2000	TPP	3,888,450	3,650,984	(19,795)	217,671	298,091
March 2000	ERP	101,772	n/a	n/a	101,772	161,680
March 2000	MRA	51,877	n/a	3,601	55,478	53,769
March 2000	ERIP	162,821	n/a	n/a	162,821	171,263
March 2000	JPS	18,705	n/a	524	19,229	16,843
March 2000	DMS	3,180	n/a	(481)	2,699	2,787
March 2001	SSPF	243,789	39,323	n/a	204,466	178,866
March 2000	Other	21,096	n/a	(684)	20,412	20,373
March 2000	PSA	100,222	n/a	12,558	112,780	102,387
Various	Retiring Allowance	144,117	n/a	7,590	151,707	141,931
March 2001	WCB	36,498	n/a	n/a	36,498	34,381
March 2001	LTD	69,282	23,992	n/a	45,290	46,302
		$ 6,249,245	$ 5,187,820	$ (133,060)	$ 928,365	$ 1,042,071

** The gross (100%) values of the PSSP are as follows:

Estimated Accrued Benefits	$ 2,814,872
Estimated Value of Assets	2,947,041
Unamortized Experience Gains	(272,747)
Net Plan (Surplus) Obligations as at March 31, 2002	(404,916)
Net Plan (Surplus) Obligations as at March 31, 2001	(373,204)

Included in estimated accrued benefits is accrued interest on the net over/under-funded pension obligations.

7. TRUST FUNDS UNDER ADMINISTRATION

Trust funds assets administered by the Province (before giving consideration to actuarial adjustments) are

	2002	2001
	($ thousands)	
Public Service Superannuation Fund (1)	$ 2,947,041	$ 2,913,751
Nova Scotia Teachers' Pension Fund (1), (4)	3,598,718	3,741,847
Workers' Compensation Board (1), (4)	730,898	663,999
Sydney Steel Corporation Superannuation Plan (1), (2)	39,323	67,042
Nova Scotia Public Service Long Term Disability Plan (1), (4)	28,271	31,545
Public Trustee (1)	23,302	20,910
Miscellaneous Trusts (3)	38,916	35,831
	$ 7,406,469	$ 7,474,925

(1) See Public Accounts Volume II for full financial statements of these funds.

(2) Administration of the assets of Sydney Steel Corporation Superannuation Fund was assumed during fiscal 2000-2001.

(3) Miscellaneous trusts include a large number of relatively small funds.

(4) These represent trusts with December 31 year ends. Trust assets balances at March 31 did not differ significantly.

8. FEDERAL TAX COLLECTION AGREEMENT ERROR

In early 2002, the Canada Customs and Revenue Agency (CCRA) disclosed that it had recently discovered that provincial Personal Income Tax (PIT) payments to provinces that are members of the Tax Collection Agreements had been overpaid for several years. The overpayments were a result of an error in the payments recording processes at CCRA in which the capital gains refunds to mutual fund trusts were not deducted from provincial payments. This overstated the payments to provinces that had mutual fund trust amounts allocated to them. For Nova Scotia, the overpaid amounts were relatively minor. However, for some provinces with large mutual fund trust bases, the overpayments could be substantial.

Provincial PIT overpayments could have potentially impacted the provinces' results in prior years through federal transfer payments because PIT is one of 33 tax bases used to determine Equalization payments. However, the federal government has opted to protect equalization receiving provinces from any negative impacts resulting from the recovery of overpayments in an effort to provide comparable benefits to the provinces that received the overpayments. The federal government will change the measurement of fiscal capacity in the Equalization Program to accurately reflect the correction of the error. This change will be in place beginning in 2001-02 and the Province has recognized the potential liability through a negative $35 million adjustment for the impact on Equalization.

9. NET EXPENSES BY OBJECT

	2002	2001 *(as restated)*
	($ thousands)	
Grant and Subsidies	$ 1,874,096	$ 1,754,846
Salaries and Employee Benefits	2,080,599	1,980,351
Operating Goods and Services	1,167,137	1,093,533
Professional Services	173,709	150,558
Amortization and Social Housing Adjustment	177,390	157,980
Debt Servicing Costs	1,179,076	1,172,250
Other	4,832	2,142
Less: Chargeables	(312,656)	(258,492)
Less: Recoveries	(311,320)	(258,753)
Total Net Expenses	$ 6,032,863	$ 5,794,415

10. DEBT SERVICING COSTS

	2002	2001 *(as restated)*
	($ thousands)	
CDN$ Denominated Debt	$ 685,692	$ 659,731
US$ Denominated Debt	271,914	278,964
Other Foreign Currency Denominated Debt	31,411	60,331
Pension Liabilities	58,548	(3,495)
Capital Leases	28,452	21,212
Other Debt	52,942	77,131
Premium / Discount Amortization	(6,237)	(9,416)
Foreign Exchange	55,355	85,386
Miscellaneous	999	2,406
Total Debt Servicing Costs	$ 1,179,076	$ 1,172,250

Debt servicing costs for Government Business Enterprises was $29.0 million for the year ended March 31, 2002 ($105.8 million for the year ended March 31, 2001).

11. CASH FLOW - NET CHANGE IN OTHER ITEMS

	2002	2001 (as restated)
	($ thousands)	
Change in Receivables from Government Business Enterprises	(2,834)	(4,134)
Change in Receivables and Advances	567,004	(29,290)
Change in Accounts Payable and Other Short-term Borrowings	(1,001,238)	485,093
Change in Inventory	(200)	126
Change in Deferred Revenue	13,761	16,151
Change in Accrued Interest	4,433	(27,577)
Change in Pension, Retirement and Other Obligations	(113,706)	(70,427)
Total Net Change in Other Items	$ (532,780)	$ 369,942

12. CONTINGENCIES AND COMMITMENTS

a) Contingent Liabilities

i) Environmental Sites

Various provincially owned sites throughout the Province are considered environmental or contaminated sites. Studies are ongoing to assess the nature and extent of the damage and to develop a remediation plan. Remediation costs for these sites are not determinable as at March 31, 2002 and no further provisions for these costs have been recorded in these financial statements.

ii) Lawsuits

The Province's losses for any lawsuits pending cannot be determined due to uncertainty of the trial outcomes.

b) Contingent Gains

The Province of Nova Scotia is seeking reimbursement for various types of claims paid out. The recoveries are not yet assured so no amounts have been recorded.

c) Commitments

i) Commitments

Commitments total $918.7 million, comprised of $725.6 million for Consolidated Fund, $185.9 million for other Government Service Organizations and $7.2 million for Government Business Enterprises. Included are commitments of $484.5 million representing health benefits of retirees under various Provincial pension plans, $118.3 million by Nova Scotia Business Incorporated for projects approved under its various programs and $104.7 million by the Department of Health for information technology and new facilities. Also included is $51 million by the Department of Service Nova Scotia and Municipal Relations for infrastructure.

In addition to the commitments noted above are estimated construction contract costs and related change orders by the Department of Transportation and Public Works for school contstruction in the amount of $42.9 million.

ii) Environmental Sites

Engineering and environmental studies have generated initial estimates for the cost of remediation of the Sydney Steel Corporation and adjacent sites as well as the Sydney Tar Ponds site. As a result, the Province recorded liabilities of $250.0 million and $68.5 million respectively, in 1999-2000 for environmental site clean up. Of these provisions, $245.5 million and $53.5 million, respectively, remain unspent.

iii) Leases

As at March 31, 2002, the Province was committed under various operating leases. Future minimum annual lease payments are as follows:

Fiscal Year	Lease Payments ($ thousands)
2002 - 2003	$ 37,843
2003 - 2004	31,257
2004 - 2005	24,826
2005 - 2006	20,282
2006 - 2007	16,587
2008 - 2012	28,271
2013 - 2017	15,945
2018 - 2022	7,524
	$ 182,535

13. SUBSEQUENT EVENTS

On September 8, 2002, the Province announced that it was selling its shares of Nova Scotia Resources Limited to Endless Energy Corp. of Alberta for cash proceeds of $4 million plus any cash on hand in the Company at the sale date. Also, the agreement requires the purchaser to assume responsibility for a $17.5 million guarantee to the Canada-Nova Scotia Offshore Petroleum Board for abandonment costs related to the Cohasset/Panuke oil project.

The Province and the purchaser agreed to extend the closing to the earlier of December 31, 2002 or the date when all sale conditions have been met. On November 7, 2002, the $0.4 million deposit was released to the Province. The $3.6 million balance of the sale proceeds is being held in trust pending finalization of the guarantee. As at the date of these financial statements, all conditions of sale have not been met. Therefore, no amounts for this sale have been recorded in these financial statements.

14. COMPARATIVE FIGURES

To conform with the current year's presentation, certain comparative figures for the prior year have been restated as follows:

a) New Department

The previous Department of Housing and Municipal Relations was merged with two other departments. The housing components were added to the Department of Community Services. The municipal relations components were added to the Department of Service Nova Scotia and Municipal Relations. The prior year's operational results have been realigned with the new departments accordingly.

b) Change in Business Processes

During the fiscal year, each department budgeted for and recorded its own lease costs. Previously all these costs had been centralized in the Department of Transportation and Public Works. This new method of reporting provides better information on each department's costs of operations.

c) Prior Period Adjustments

As described in Note 2, there have been some retroactive restatements of figures in accordance with the newly adopted accounting policies.

d) Presentation

Prior year's numbers have been restated to conform to the presentation format adopted in the current year.

15. RELATED PARTY TRANSACTIONS

Included in these consolidated financial statements are immaterial transactions with various provincial crown corporations, agencies, boards and commissions. Significant related party transactions have been offset and eliminated for purposes of consolidated reporting. Parties are deemed to be related to the Consolidated Fund due to common control or ownership by the Province of Nova Scotia.

The most significant unadjusted related party transactions are described in Schedule 7 - Government Business Enterprises.

Financial Highlights

Nova Scotia

Message from the Minister of Finance

I am pleased to present the 2001-2002 Financial Statements for the Province of Nova Scotia and to report that our fiscal plan is on track.

The Nova Scotia government finished the year with a $54.2 million deficit, which is $36.5 million better than estimated in the original budget. This is the third year that government achieved a lower than expected deficit.

In 2001, the Nova Scotia economy largely escaped the global economic slowdown, which followed the September 11th attacks in the United States. The resulting uncertainty of that time caused economic forecasters throughout North America, including Nova Scotia, to lower their revenue projections.

Nova Scotia's economic growth forecast for 2002 has been revised upwards to 3.1 per cent.

The plan to reduce the province's foreign currency exposure continued, dropping to 28.9 per cent in fiscal 2001-2002, from the previous year's 30.8 per cent. Debt to gross domestic product dropped from 45.1 per cent to 44.1 per cent.

The Nova Scotia government continues to carry out our fiscal plan of prudent and responsible management. As always, we are committed to transparent and accountable financial reporting, in accordance with generally accepted accounting principles.

Honourable Neil J. LeBlanc
Minister of Finance

Selected Financial Highlights

Budgetary Summary

($ millions)

ACTUAL *2000-2001* *(as restated)*		***ESTIMATE*** *2001-2002* *(as restated)*	***ACTUAL*** *2001-2002*
	Consolidated Fund		
5,118.4	Ordinary Revenue	**5,157.0**	**5,240.1**
	Net Expenses		
4,251.5	Net Program Expenses	4,373.4	4,472.1
908.8	Net Debt Servicing Costs	931.1	949.2
(70.9)	Pension Valuation Adjustment	(48.8)	(66.8)
5,089.4		**5,255.7**	**5,354.5**
29.0		**(98.7)**	**(114.4)**
	Consolidation and Accounting Adjustments for the Consolidated Fund and Government Service Organizations		
1,485.4	Consolidated Fund Consolidation Adjustments	---	1,639.8
(1,065.0)	Health and Hospital Boards Operations	---	(1,142.0)
(692.2)	School Boards Operations	---	(708.4)
(36.6)	Other Organizations	---	(69.1)
(308.4)		**—**	**(279.7)**
	Net Income (Losses) for Government Business Enterprises		
(50.9)	Nova Scotia Resources Limited	---	---
297.0	Other Enterprises	8.0	308.9
246.1		**8.0**	**308.9**
(33.3)	**Provincial Surplus (Deficit) before Unusual Items**	**(90.7)**	**(85.2)**
	Unusual Items		
---	Nova Scotia Innovation Corporation	---	0.2
179.8	Nova Scotia Resources Limited	---	30.8
179.8		**—**	**31.0**
146.5	**Provincial Surplus (Deficit)**	**(90.7)**	**(54.2)**

Note: Interest Revenues have been restated in the 2000-2001 Actual and the 2001-2002 Estimate to include Short-Term Interest revenue, which was formerly netted against General Interest expenses in the Debt Servicing Costs appropriation. Also, the Public Debt Retirement Fund Earnings, which were formerly netted against the Debt Servicing Costs appropriation, have been included under Sinking Fund Earnings in the 2000-2001 Actual and the 2001-2002 Estimate.

Significant Accounting Policy Issues

Introduction

The Province of Nova Scotia recognizes that its primary financial accountability document is the annual financial statements. These statements are prepared following generally accepted accounting principles to ensure full and open disclosure of the Province's financial position and results of operations.

The Standard

The recommendations and guidelines of the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Board (PSAB), supplemented, where appropriate, by other CICA accounting standards and guidelines, provide an authoritative foundation for the Province of Nova Scotia as it relates to what constitutes appropriate accounting for and disclosure of the Province's financial position and results of operations. PSAB's recommendations have, to a significant extent, been adopted by governments across Canada.

Key Items for the 2001-2002 Financial Statements

Sale of Nova Scotia Resources Limited

In fiscal 2000-2001, the Province of Nova Scotia announced its intentions to sell its interests in Nova Scotia Resources Limited (NSRL). Prior to March 31, 2001, a buyer was secured for the significant assets of NSRL. A provision was recorded for the estimated gain on the sale of those assets, which was completed subsequent to year end. A further gain of $22.5 million was recorded in fiscal 2001-2002 for the sale of certain remaining assets. A purchase and sale agreement for the shares of NSRL was confirmed in September, 2002. The conditions of this sale have not yet been fully met, therefore no amounts have been recorded in the Province's accounts to date. For further details see Note 3 - Unusual Items and Note 13 - Subsequent Events.

Accounting Policy Change

Certain accounting policy changes were made during fiscal 2001-2002 and they have been reflected retroactively in the consolidated financial statements. The accounting policy with respect to Industrial Parks and Malls was changed to become compliant with generally accepted accounting principles. In the past, they were accounted for as Investments. The Industrial Parks and Malls are now accounted for as Tangible Capital Assets to be amortized over their useful life. The impact of this change is a $0.8 million decrease in the surplus for March 31, 2001 and a $23.6 million increase in Net Direct Debt as at March 31, 2000. Also, there has been a $21.8 million decrease in Loans and Investments and a $5.7 million increase in Tangible Capital Assets as at March 31, 2001 due to this change. For further details see Note 2 - Prior Period Adjustment.

Revenues - Consolidated Fund

($ thousands)

REVENUE SOURCES	ACTUAL 2000-2001 (as restated)	ESTIMATE 2001-2002 (as restated)	ACTUAL 2001-2002	VARIANCE Increase (Decrease)
Provincial Sources				
Personal Income Tax	1,228,672	1,250,795	1,274,481	23,686
Corporate Income Tax	169,232	200,864	194,439	(6,425)
Harmonized Sales Tax	804,280	845,724	852,797	7,073
Tobacco Tax	75,577	83,200	105,751	22,551
Motive Fuel Taxes	201,669	215,500	207,951	(7,549)
Gaming Corporation Profits	171,256	170,800	174,716	3,916
Liquor Commission Profits	137,183	139,800	143,859	4,059
Interest Revenues	67,177	56,807	66,724	9,917
Registry of Motor Vehicles	61,979	62,749	65,051	2,302
Royalties - Petroleum	9,269	14,000	17,329	3,329
Other Provincial Sources	168,267	160,181	165,048	4,867
Prior Years' Adjustments - Provincial Sources	78,156	---	83,282	83,282
Total - Provincial Sources	**3,172,717**	**3,200,420**	**3,351,428**	**151,008**
Federal Sources				
Equalization	1,395,500	1,394,000	1,321,100	(72,900)
Canada Health and Social Transfer	526,054	560,241	553,375	(6,866)
Other Federal Sources	2,330	2,330	2,306	(24)
Prior Years' Adjustments - Federal Sources	21,758	---	46,893	46,893
Federal Tax Collection Agreement Error	---	---	(35,000)	(35,000)
Total - Federal Sources	**1,945,642**	**1,956,571**	**1,888,674**	**(67,897)**
Total - Revenues	**5,118,359**	**5,156,991**	**5,240,102**	**83,111**

Note: Interest Revenues have been restated in the 2000-2001 Actual and the 2001-2002 Estimate to include Short-Term Interest revenue, which was formerly netted against General Interest expenses in the Debt Servicing Costs appropriation. The amount of Short-Term Interest revenue in the 2000-2001 Actual is $27.485 million, and $22.220 million and $35.346 million in the 2001-2002 Estimate and Actual respectively.

Total Ordinary Revenues were $5,240.1 million for the fiscal year 2001-2002, which is $83.1 million higher than the original budget.

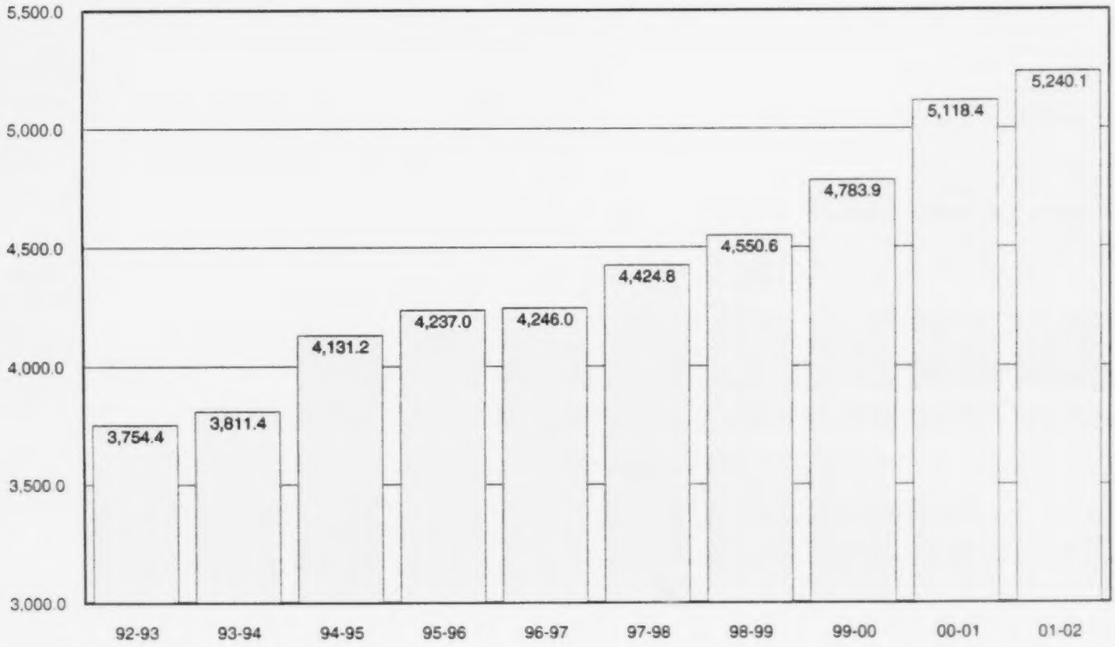
Provincial Sources

In fiscal 2001-2002, Personal Income Tax revenue increased by $23.7 million over the budget projection, reflecting growth in taxable incomes over the initial estimate. Surtaxes grew more than expected and credits were lower than initially estimated. Corporate Income Tax revenue declined by 3.2% or $6.4 million from the estimate for fiscal 2001-2002. This reflects a significant decline in national level corporate taxable income, part of which was offset by a decline in provincial credit take-up.

Harmonized Sales Tax increased by 0.8% or $7.1 million over the 2001-2002 budget projection, due to an increase in the national GST/HST Declared Revenue Pool, of which Nova Scotia is entitled to its provincial share under the Revenue Allocation Formula.

Tobacco Tax rose by $22.6 million or 27.1% over the 2001-2002 budget. The reason for the increase is primarily the tobacco tax rate increases in April and November of 2001 that were not captured in the original budget. Motive Fuel Taxes fell 3.5% or $7.5 million from the original estimate. The decline was predominately due to the aboriginal fuel tax refund. Interest Revenues increased by $9.9 million, primarily because of additional revenues from the Province's miscellaneous investments.

Revenues - Consolidated Fund
1992-1993 to 2001-2002
($ millions)



Federal Sources

Equalization transfers were $1,321.1 million in fiscal 2001-2002, which was $72.9 million lower than the original estimate. This decrease was driven by lower than anticipated growth in central Canada as well as higher than anticipated growth in Nova Scotia's own source revenues.

Prior Years' Adjustments

The Province experienced total Prior Years' Adjustment (PYA's) of $95.2 million in fiscal 2001-2002. PYA's are made to reflect changes in information with respect to prior years' revenues which are still forthcoming from sources such as the federal government. Typically, income tax adjustments are from the previous year, in this case 2000, while transfer payments are finalized for three years from the time of the initial payment.

Positive PYA's of $48.5 million and $23.5 million were recorded for personal and corporate income taxes respectively due to updated information. Also, there was a positive PYA of $19.0 million recorded for the Harmonized Sales Tax to take into account more recent information. These positive adjustments more than offset the negative PYA's of $5.1 million in the Corporation Capital Tax and $2.6 million in the Capital Tax on Non-Financial Institutions.

A positive PYA of $30.6 million was recorded for Equalization transfers, due to revisions in the final data for the three previous years. A positive PYA of $5.9 million was also recorded with respect of the previous years for the Canada Health and Social Transfer (CHST).

Other Revenue Adjustment

In addition, Nova Scotia recorded a negative revenue adjustment of $35.0 million in fiscal 2001-2002 for the impact of a Canada Customs and Revenue Agency (CCRA) error impacting the Equalization formula. The error resulted from CCRA's failure to deduct the capital gains refunds to mutual fund trusts from provincial payments under the Tax Collection Agreements.

Program Spending - Consolidated Fund

Net Program Expenses

($ thousands)

DEPARTMENTS	ACTUAL 2000-2001 (as restated)	ESTIMATE 2001-2002 (as restated)	ACTUAL 2001-2002	VARIANCE Increase (Decrease)
Agriculture and Fisheries	---	40,885	43,955	3,070
Agriculture and Marketing	34,086	---	---	---
Business and Consumer Services	31,471	---	---	---
Community Services	583,856	626,508	638,328	11,820
Economic Development	64,813	34,708	49,300	14,592
Education	872,699	888,437	904,376	15,939
Assistance to Universities	203,489	201,232	201,732	500
Environment	12,380	---	---	---
Environment and Labour	---	27,072	24,141	(2,931)
Finance	8,704	12,867	11,704	(1,163)
Fisheries and Aquaculture	5,706	---	---	---
Health	1,747,388	1,819,031	1,837,746	18,715
Housing and Municipal Affairs	88,317	---	---	---
Human Resources	3,458	---	---	---
Justice	82,273	88,883	88,404	(479)
Labour	7,306	---	---	---
Natural Resources	50,881	53,945	53,911	(34)
Public Service	93,067	104,236	100,373	(3,863)
Service Nova Scotia and Municipal Relations	---	100,237	98,475	(1,762)
Tourism and Culture	38,384	39,457	40,945	1,488
Transportation and Public Works	247,572	233,469	233,455	(14)
Restructuring Costs	75,303	102,402	140,366	37,964
Loss on the Sale of Crown Assets	321	---	4,938	4,938
	4,251,474	**4,373,369**	**4,472,149**	**98,780**

Notes: The consolidation of departmental expenditures with that of government service organizations provides the total expenditures for which government is accountable. This Table provides the net program expenses by department prior to consolidation, as compared to the prior fiscal year and the budget, which are the Estimates as approved by the Legislature in the annual Appropriations Act.

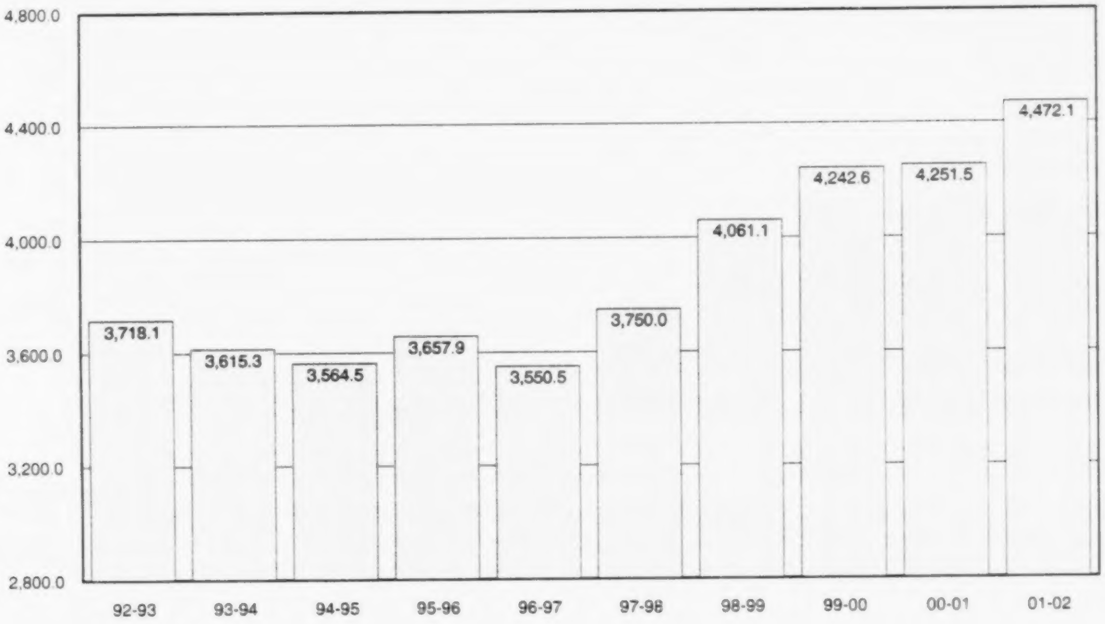
The Pension Valuation Adjustment is shown separately under Net Expenses in the Budgetary Summary on Page A5; the projections for this item were included in the Restructuring Costs appropriation in the Estimate and Forecast for fiscal 2001-2002.

Net Program Expenses, which represent the government's share of the programs and services provided to Nova Scotians, increased by $98.8 million, or 2.26 per cent, during fiscal 2001-2002 over the original budget of $4.373 billion. Wage settlements that exceeded the government's desired outcome and increased costs in the health care, education and social service sectors were the primary reasons for the additional spending.

Although the Pension Valuation Adjustment is not included in Net Program Expenses, the item is included under Net Expenses in the Consolidated Fund portion of the Budgetary Summary and, therefore, will be noted in this section of the *Financial Highlights.*

The Province of Nova Scotia accounts for pension costs on a basis that is consistent with generally accepted accounting principles and as such recognizes pension expense to include the cost of pensionable service earned by employees in the current fiscal year and amortization of the experience gains and losses in the pension plans. As a result, there was a positive adjustment of $66.8 million recorded as the Pension Valuation Adjustment for fiscal 2001-2002, an increase of $18.0 million over the original budget.

Net Program Expenses - Consolidated Fund
1992-1993 to 2001-2002
($ millions)



The Restructuring Costs appropriation, which includes funding to support such items as the collective bargaining process, workforce adjustment expenses and government restructuring costs, was overspent by $38.0 million. Included in the increased spending was the provision of funding for the Province's response to the reports of institutional abuse for potential payments to employees affected by the allegations.

Collective bargaining settlements for those agreements funded by government were generally in the range of 2 per cent annual increases, but the health care sector and the nurses in particular exceeded this by a considerable amount having received annual increases of 7, 5 and 5 per cent over a three year agreement. The increased wage settlements resulted in additional spending of $49.9 million through the Restructuring Costs appropriation. The additional spending was offset, in part, by savings in the government's human resource strategy initiatives and a decrease in the requirement for workforce adjustment expenses.

The Department of Health required $18.7 million in additional funding in fiscal 2001-2002 to meet increased commitments in the health care sector, an increase of 1.03 per cent over its original budget of $1.819 billion. An additional $20.4 million was related to the year-end deficits of the District Health Authorities, while Long Term Care required an increase of $8.4 million due to additional capital costs, a one-time deficit payment and wage settlement costs. Also, $5.1 million was added to the department's capital grants budget because of the liability costs related to the Aberdeen Hospital Project litigation.

These increases were offset, in part, by savings in other areas of the department. The Pharmacare Program was underspent by $4.5 million as a result of fewer new drugs being used and lower utilization than expected. Also, there were savings of $4.7 million in the care coordination area of Community Care Services due to vacant positions and their associated operating costs, as well as a decrease of $3.1 million related to In-Home Program initiatives that were not implemented in Home Care Services.

The Department of Education exceeded its 2001-2002 budget of $888.4 million by 1.79 per cent, an increase of $15.9 million, primarily in the public schools education spending envelope. An additional $5.0 million was allotted for non-capital school renovations and repairs, that were originally budgeted as capital purchases, while the regional school boards budgets were increased by $4.7 million to meet a number of spending pressures. The additional amortization costs related to the acquisition of furniture, fixtures, equipment and technology for the newly constructed schools added $1.7 million to the department's expenses and a further $1.6 million was required for the Matching Contributions to Teachers' Pensions, as a result of flexible option pension purchases by teachers.

The costs of the transition of the Centre for Entrepreneurship Education and Development (CEED) to independence were $1.7 million and the funding required for the Nova Scotia Community College development plan added $1.5 million to the original budget. These additional expenses noted above were partially offset by savings in salary and operational expenses in various areas of the department and lower student loan risk premiums.

The Department of Community Services was overspent by $11.8 million in fiscal 2001-2002, primarily as the result of increased costs in the Community Support for Adults programs. An additional $12.9 million was required for the costs associated with the funding framework and the continued outplacements to small options facilities resulting from the closure of the larger, outdated facilities. In recognition of the significant housing needs in the province, the government allocated a net increase of $4.7 million in additional resources to housing subsidy programs.

The increasing caseload of children in care combined with increased costs of the services provided added $6.1 million to the Family and Children's Services programs. This increase was partially offset by lower spending on the Early Childhood Development initiative. Due to delays in ramping up the programs under the new initiative, the department was unable to spend $4.7 million of the allotment for fiscal 2001-2002. As a result, there was a deferral of $4.7 million of revenues received from the Federal government through the Canada Health and Social Transfer in fiscal 2001-2002. This funding will be matched to expenses to be incurred and reflected in the appropriate areas of the results of operations in fiscal 2002-2003.

Community Services also realized savings of $5.3 million in the Income Assistance and Employment Support Services division, as a result of the continuing trend of cases exiting the income assistance system, which partially offset the increased spending. In addition, there were $2.4 million in savings in the department's administrative costs.

A $19.4 million increase in the reserve against future losses in the loan portfolio and the provision of $0.8 million in special assistance grants, where the need materialized sooner than planned, were the reasons why the Department of Economic Development was overspent by a net of $14.6 million. These increases were offset, in part, by savings of $5.3 million in federal-provincial projects, which were completed at a slower pace than planned, and various operational savings.

An additional $3.4 million was required by the Department of Agriculture and Fisheries to meet losses by the potato producers under the Loss Provision Program and additional program commitments for the Net Income Stabilization Account and the Canadian Farm Income Program. These additional expenses were offset, in part, by $0.3 million in savings in salary and operational expenses in various areas of the department.

The actual results for the Department of Tourism and Culture reflect a net increase of $1.5 million. The Executive Council approved the additional funding to enable the department to immediately address opportunities on six major projects, where the need arose sooner than planned. Miscellaneous department-wide savings partially offset the increased spending.

The Emergency Measures Organization of Nova Scotia required $1.5 million in additional funding to provide assistance for several initiatives for which a full cost recovery is anticipated. The initiatives include the eligible municipal and private property costs sustained in the 1999 Cumberland County flood and the 2000 Cape Breton County flood, and the costs associated with the provision of accommodations and services to the airline passengers stranded in Nova Scotia because of the shutdown of US air space after the 9/11 disaster.

The Nova Scotia Petroleum Directorate was overspent by $1.4 million due to an increase in legal and consulting services costs related to the Directorate assuming responsibility for the Newfoundland/Nova Scotia Boundary Dispute file from Intergovernmental Affairs in the summer of 2001. Also, the Nova Scotia Sport and Recreation Commission was required to fulfill prior obligations to recreation facility development projects, which were completed ahead of schedule. As a result, the Commission needed an additional $1.1 million to meet its actual spending commitments.

The final results for the Government Contributions to Benefit Plans appropriation are over the original budget by $1.2 million net due to several components. Rising premiums forced an increase in the government contributions to the pensioners' consolidated health plan. Adjustments in the Long-term Disability Fund liability, the Worker's Compensation Fund liability and the vacation pay accrual were based on year-end valuations.

The actual results for fiscal 2001-2002 show several departments and Public Service appropriations to be underspent. The funding provided to Nova Scotia Business Inc. was reduced by $6.3 million as a result of delays in the startup of the new organization. The Departments of Environment & Labour and Service Nova Scotia & Municipal Relations saved $2.9 million and $1.7 million, respectively, in salaries and general operating efficiencies. The Department of Finance was underspent by $1.2 million due to increased prior years' recoveries and operational savings.

The final item in the Net Program Expenses schedule is Loss on the Sale of Crown Assets, which represents the net difference between the sale price of an asset and its unamortized cost. During fiscal 2001-2002, the sale of assets resulted in net loss to the Province of $4.9 million. The major item relates to the value of the land connected with the transfer of the Industrial Parks and Malls from the Business Development Corporation to Nova Scotia Business Inc.

Tangible Capital Assets - Consolidated Fund

Effective April 1, 1999, the Province implemented a new accounting policy for Tangible Capital Assets. The new policy charges a percentage of the original cost to each year of the useful life of the asset. This charge to operations is called amortization. As a result, departments are now required to budget for tangible capital assets purchases and the resulting amortization from the acquisition of these assets. The cost of the estimated purchases of eligible Tangible Capital Assets is voted separately in the Capital Purchase Requirements appropriation and the departmental details are noted below.

Capital Purchase Requirements

($ thousands)

DEPARTMENTS	***ESTIMATE*** *2001-2002*	***ACTUAL*** *2001-2002*	***VARIANCE*** *Increase (Decrease)*
Agriculture and Fisheries	500	428	(72)
Education	90,558	95,191	4,633
Environment and Labour	25	---	(25)
Finance	---	2,662	2,662
Health	13,243	37,704	24,461
Justice	---	35,877	35,877
Natural Resources	400	475	75
Public Service	150	143	(7)
Service Nova Scotia and Municipal Relations	650	607	(43)
Transportation and Public Works	81,434	75,386	(6,048)
	186,960	**248,473**	**61,513**

The net increase of $61.5 million in the Capital Purchase Requirements appropriation resulted primarily from the change in the accounting treatment of P3 facilities, as noted in the Financial Highlights of the 2000-2001 Public Accounts, which occurred after the budget had been introduced. The accounting review of the leases determined that these leases were capital leases, which meant the net present value of the leases had to be recorded as an acquisition when the Province took possession of the facility. In fiscal 2001-2002, the Province took possession of the Northeast Kings High School in Canning and the correctional/forensic facility in Dartmouth.

This schedule reflects the amortization charged to operations related to the Tangible Capital Assets that were acquired in prior years, as well as the charges related to the acquisitions made during fiscal 2001-2002.

Amortization

($ thousands)

DEPARTMENTS	***ESTIMATE*** *2001-2002*	***ACTUAL*** *2001-2002*	***VARIANCE*** *Increase (Decrease)*
Agriculture and Fisheries	103	86	(17)
Community Services	35	35	---
Economic Development	4	4	---
Education	35,068	37,790	2,722
Environment and Labour	35	34	(1)
Finance	2,346	2,415	69
Health	6,490	5,611	(879)
Justice	1,314	999	(315)
Natural Resources	410	373	(37)
Public Service	36	36	---
Service Nova Scotia and Municipal Relations	1,587	1,425	(162)
Tourism and Culture	23	23	---
Transportation and Public Works	54,775	53,048	(1,727)
	102,226	**101,879**	**(347)**

Analysis of Appropriations Relative to the Appropriations Act, 2001

for the fiscal year ended March 31, 2002

($ thousands)

	Resolution Number *	Budget	Actual	Variance	Additional Appropriation Required
Net Program Expenses					
Agriculture and Fisheries	1	40,885	43,955	3,070	3,070
Community Services	2	626,508	638,328	11,820	11,820
Economic Development	3	34,708	49,300	14,592	14,592
Education	4	888,437	904,376	15,939	15,939
Assistance to Universities	5	201,232	201,732	500	500
Environment and Labour	6	27,072	24,141	(2,931)	
Finance	7	12,867	11,704	(1,163)	
Health	9	1,819,031	1,837,746	18,715	18,715
Justice	10	88,883	88,404	(479)	
Natural Resources	11	53,945	53,911	(34)	
Communications Nova Scotia	12	3,200	3,078	(122)	
Emergency Measures Organization of Nova Scotia	13	631	2,091	1,460	1,460
Executive Council	14	13,055	11,774	(1,281)	
FOIPOP Review Office	15	235	210	(25)	
Government Contributions to Benefit Plans	16	6,448	7,651	1,203	1,203
Human Rights Commission	17	1,614	1,597	(17)	
Legislative Services	18	14,133	13,836	(297)	
Nova Scotia Advisory Council on the Status of Women	19	668	643	(25)	
Nova Scotia Business Inc.	20	29,406	23,140	(6,266)	
Nova Scotia Petroleum Directorate	21	4,958	6,398	1,440	1,440
Nova Scotia Police Commission	22	293	293	---	
Nova Scotia Securities Commission	23	1,055	875	(180)	
Nova Scotia Sport and Recreation Commission	24	7,516	8,644	1,128	1,128
Nova Scotia Utility and Review Board	25	2,040	2,030	(10)	
Office of the Auditor General	26	1,920	1,847	(73)	
Office of the Ombudsman	27	835	634	(201)	
Public Prosecution Service	28	12,857	12,687	(170)	
Technology and Science Secretariat	29	3,372	2,945	(427)	
Service Nova Scotia and Municipal Relations	30	100,237	98,475	(1,762)	
Tourism and Culture	31	39,457	40,945	1,488	1,488
Transportation and Public Works	32	233,469	233,455	(14)	
Restructuring Costs	34	53,652	73,593	19,941	19,941

Note: The Restructuring Costs appropriation, Resolution #34, is net of the Pension Valuation Adjustment, which is a positive adjustment of $48.750 million and $66.773 million in the 2001-2002 Estimate and Actual respectively. The Pension Valuation Adjustment is now being recorded as a separate item under Net Expenses in the Budgetary Summary.

* - Refers to the Resolution Number in the Appropriations Act, 2001.

Analysis of Appropriations Relative to the Appropriations Act, 2001

for the fiscal year ended March 31, 2002

($ thousands)

	Resolution Number *	Budget	Actual	Variance	Additional Appropriation Required
Other Appropriations					
Debt Servicing Costs	8	1,043,399	1,067,749	24,350	24,350
Capital Purchase Requirements	33	186,960	248,473	61,513	61,513
Sinking Fund Instalments and Serial Retirements	35	362,695	390,555	27,860	27,860

Note: The Debt Servicing Costs appropriation, Resolution #8, is net of Short-Term Interest revenue, which is included in Interest Revenues in Ordinary Revenue in the Budgetary Summary, and Debt Retirement Fund Earnings, which are now included in Sinking Fund Earnings. The 2001-2002 Estimate and Actual for Short-Term Interest revenue are $22.220 million and $35.346 million respectively, while the 2001-2002 Estimate and Actual for Debt Retirement Fund Earnings are $58.840 million and $38.377 million respectively.

* - Refers to the Resolution Number in the Appropriations Act, 2001.

Debt Review - Consolidated Fund

In fiscal 2001-2002, the Province of Nova Scotia posted an $85.2 million provincial deficit before unusual items. The Net Direct Debt of the Province as of March 31, 2002 was $11.6 billion, an increase of approximately $200.0 million from a year earlier. The Province's Net Direct Debt to Gross Domestic Product ratio decreased to 44.1 per cent at March 31, 2002 from 45.1 per cent a year earlier.

Capital Markets Issuance Initiatives

The Province of Nova Scotia borrowed $2.74 billion in fiscal year 2001-2002. The borrowing was used to pay debt that matured during the fiscal year and to contribute to the Province's sinking funds and Public Debt Retirement Funds, one each in Canadian and United States dollars, for the future repayment of debt. In part, the large borrowing program in fiscal 2001-2002 was to enable a contribution of $1.0 billion to the Public Debt Retirement Fund.

The $2.74 billion borrowing program was comprised of $956.4 million in the domestic Canadian public market, $454.8 million in private placements and structured notes under the Province's domestic medium term note program, $96.3 million with the Canada Pension Plan Investment Board, $440.7 million in European markets under the Province's Euro Medium Term Note (EMTN) program, and $792.0 million in a USD Global issue. The latter was the Province's first US dollar (USD) Global and the first US market issuance since 1993. By legislation, all non-domestic issues were on a fully swapped basis to Canadian dollars including the USD Global issue.

Financial Risk Management

In fiscal 2001-2002, the Province reduced its exposure to foreign currency in the gross debt portfolio to 28.9 per cent at March 31, 2002 from 30.8 per cent at March 31, 2001. This action marks a significant improvement in the Province's foreign currency exposure that stood at 72.0 per cent at March 31, 1995. The Province will meet its objective of 20.0 per cent foreign exchange exposure by no later than September 2004, with the maturity of foreign currency debt in August 2004. The target will be met without further active management of the foreign currency component of the debt portfolio.

The Province maintained its exposure to short-term interest rates in the debt portfolio at 15.0 per cent. This level is the minimum of the Province's floating rate exposure policy range. The average term to maturity of the debt portfolio as at March 31, 2002 was unchanged from a year earlier at 10.2 years.

Debt Servicing Costs

Net Debt Servicing Costs in fiscal 2001-2002 were $949.2 million, an increase of $18.1 million from the restated budget. An increase in the interest expense related to pension obligations was the cause of $16.1 million of the change.

Net Debt Servicing Costs - Consolidated Fund

($ millions)

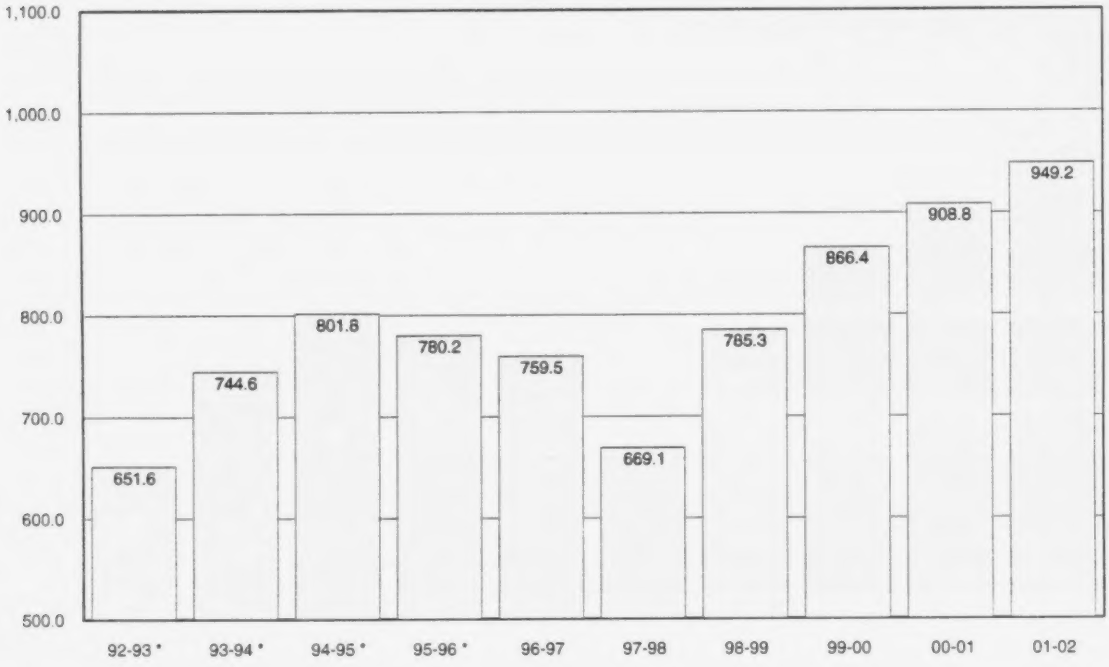
	ACTUAL 2000-2001 (as restated)	**ESTIMATE** 2001-2002 (as restated)	**ACTUAL** 2001-2002	**VARIANCE** Increase (Decrease)
Debt Servicing Costs	1,115.4	1,119.4	1,141.5	22.1
Sinking Fund Earnings	(206.6)	(188.3)	(192.3)	(4.0)
Net Debt Servicing Costs	**908.8**	**931.1**	**949.2**	**18.1**

Note: Short-Term Interest revenue, which was formerly netted against General Interest expenses in Gross Debt Servicing Costs, is now included in Interest Revenues in Ordinary Revenue. Also, Debt Retirement Fund Earnings, which were formerly included in Gross Debt Servicing Costs, are now included in Sinking Fund Earnings.

Net Debt Servicing Costs - Consolidated Fund

1992-1993 to 2001-2002

($ millions)



* The fiscal years 1992-1993, 1993-1994, 1994-1995 and 1995-1996 have not been restated to reflect the accounting changes related to foreign exchange gains and (losses), premiums and discounts.

Debenture Debt

The Province's Net Debenture Debt, which is outstanding debentures less sinking funds and the Public Debt Retirement Fund, was $11.7 billion in Canadian dollar equivalent at the rate of exchange in effect on March 31, 2002. Of this amount, $711.9 million represents the difference between the value of the foreign currency debt at the exchange rate at the issue date and the net hedged value on March 31, 2002. This amount will fluctuate from year-to-year based on exchange rates in effect at year-end.

The Province of Nova Scotia provides sinking fund instalments for all its term debt issues except Canada Pension Plan and Medium Term Note issues. Annual sinking fund instalments generally range from one to three per cent of the original issue, but may vary slightly from year to year based on actual and anticipated rates of return on sinking fund assets. Instalments are designed to fully fund the issue over 20 years or the life of the issue, whichever is longer. Sinking funds are treated as trust funds and are used solely for debt retirement. Sinking funds related to US dollar debt are invested in US dollar denominated securities.

Sinking Funds totaling $567.0 million, which were held for Canada Pension Plan and Medium Term Notes (MTNs), as of March 31, 2002, have been moved to the "Sinking Fund General". These monies are available at the discretion of the Minister of Finance to retire maturing debt issues.

Debenture Debt
($ millions)

	Outstanding Debentures (CDN$ Equivalents)
Debentures Payable in Canadian Dollars	
Canada Pension Plan Investment Fund	1,173.1
Other Issues	9,154.9
United States Dollars	3,343.7
Other Foreign Currencies	600.9
Debt Retirement Funds	---
	14,272.6

Borrowing Powers

Long-term debt issued by way of debentures and Medium Term Notes are subject to a legislative authority to borrow through the annual Appropriations Act. Unused portions of these authorities carry forward to be used in future years. In fiscal 2001-2002, the Province borrowed, at face value, $2,737.4 million in long-term debentures, which was applied to the 1999, 2000 and 2001 authorities.

Statement of Borrowing Powers
as at March 31, 2002
($ thousands)

	Amount of Issue	2000-2001	2001-2002
Balance of Authority from Previous Fiscal Years		**264,662**	**1,764,662**
Authority Approved for the Fiscal Year		**1,500,000**	**1,500,000**
Balance of Authority at April 1st		**1,764,662**	**3,264,662**
Authority Used in the Current Fiscal Year:			
Promissory Note P49	40,000	---	40,000
Promissory Note P50	25,000	---	25,000
Debenture Series B1	350,000	---	350,000
Debenture Series B2	300,000	---	300,000
Promissory Note P51	30,000	---	30,000
Promissory Note P52	30,000	---	30,000
Debenture Series B1 (reopen)	300,000	---	300,000
Promissory Note P53	30,000	---	30,000
Promissory Note P54	30,000	---	30,000
Promissory Note P55	25,000	---	25,000
Promissory Note P56	56,120	---	56,120
Promissory Note P57	185,000	---	185,000
Promissory Note P60	100,000	---	100,000
Promissory Note P53 (reopen)	30,000	---	30,000
Promissory Note P58	65,000	---	65,000
Debenture Series B3	200,000	---	200,000
Promissory Note P59	50,000	---	50,000
Debenture Series B4	795,000	---	795,000
Debenture Series CP39	96,251	---	96,251
		---	2,737,371
Balance of Authority at March 31st		**1,764,662**	**527,291**

Additional Borrowing Powers:
- Cape Breton Industrial Assistance Act - Chapter 60, R.S.N.S. 1989
- Housing Act - Chapter 211, R.S.N.S. 1989
- Housing Development Corporation Act - Chapter 213, R.S.N.S. 1989
- Municipal Finance Corporation Act - Chapter 301, R.S.N.S.1989
- Sydney Steel Corporation Act - Chapter 456, R.S.N.S 1989
- Finance Act - 5, 47, Chapter 365, R.S.N.S 1989 (OIC #95-786, #90-1002)

Economic Information

Economic Indicators

	1997	1998	1999	2000	2001	2002 (F)
Gross Domestic Product at Market Prices *($ millions)*	20,368	21,401	22,970	24,224	25,203	26,213
Annual % Change	4.4	5.1	7.3	5.5	4.0	4.0
Gross Domestic Product at Market Prices *(Chained 1997 $ millions)*	20,368	21,127	22,247	22,657	23,233	23,949
Annual % Change	4.3	3.7	5.3	1.8	2.5	3.1
Personal Income *($ millions)*	19,313	20,305	21,368	22,448	23,212	23,898
Annual % Change	4.0	5.1	5.2	5.1	3.4	3.0
Consumer Price Index - Nova Scotia *(Annual % Change)*	2.1	0.6	1.7	3.5	1.8	2.8
Population *(thousands of persons)*	935	936	940	941	943	945

Sources: Statistics Canada, Provincial Economic Accounts, Cat. No. 13-213-PIB
Nova Scotia Department of Finance

Notes: The data for 2002 is Department of Finance forecasts as of 18-Nov-2002 (F).

Economic Performance

Output

In 2001 the Nova Scotia economy largely escaped the global economic slowdown. Statistics Canada reported a Real GDP growth rate of 2.5 per cent for Nova Scotia in 2001, higher than the 1.8 per cent growth rate in 2000.

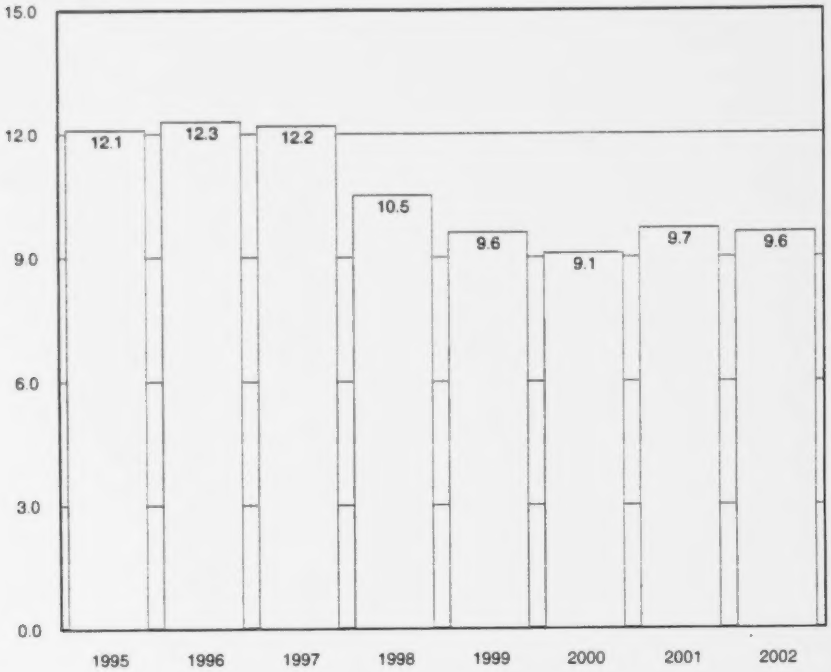
Economic growth in 2001 was concentrated in domestic demand, which is consumer, business and government spending within Nova Scotia, and increased 4.3 per cent. By comparison, exports of goods and services increased by 2.9 per cent. The overall weakness in the export sector resulted from the global slowdown and most of the adverse impact was due to the slump in the United States economy. Not all export sales were weak in 2001, however, as sales were strong for products such as natural gas, fine paper, newsprint, scallops, crabs and lobster.

Labour Markets

In 2001, employment increased by 0.9 per cent to 423,300. This net gain of 3,800 was mostly in full-time employment. The labour force, which is the supply of workers, grew at a faster pace than employment, which is the demand for labour, with a growth rate of 1.6 per cent in 2001. Consequently, the unemployment rate increased in 2001 to 9.7 per cent from 9.1 per cent in the previous year.

Unemployment Rate

(per cent)

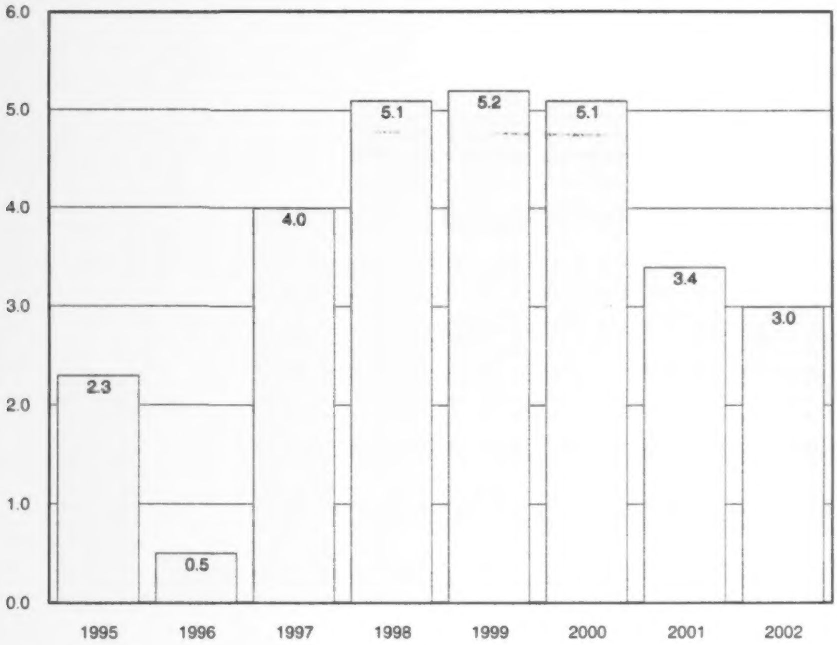


Income and Consumer Spending

The household sector provided a key source of strength to the province's economic performance in 2001, helping the economy avoid the global slowdown. Personal expenditures on goods and services increased 3.5 per cent; retail sales recorded an increase of 3.0 per cent. This willingness of consumers to spend was supported by a 3.9 per cent growth rate for labour income and lower interest rates. Personal income grew 3.4 per cent.

Personal Income Growth

(per cent)



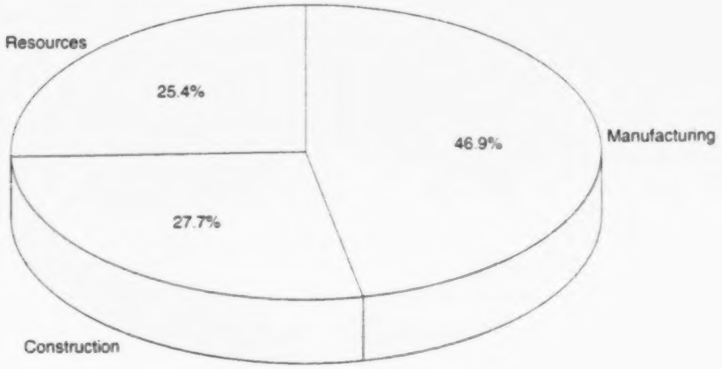
Industry Performance

Goods Industries Employment

In 2001, goods-producing industries accounted for 21.9% of the total employment in the Nova Scotia economy. Total employment in the goods-producing industries was down 0.1 per cent in 2001. The gains in employment in the construction sector were countered by the loss of jobs in the resources sector: agriculture, forestry, fishing, mining, oil, and gas and utilities.

Employment in construction for 2001 increased by 4.5 per cent, while employment in the resources sector fell by 4.6 per cent. The building of new homes accounted for most of the job gains in the construction sector. The decline in jobs for the resources sector resulted mainly from losses in coal mining and fishing industries. There was no change in the employment level for manufacturing.

Employment by Goods Industries 2001
(as a per cent of Total Goods Industries Employment)



Services Industries Employment

Nova Scotia is predominantly a service economy. Services industries account for 78.1 per cent of Nova Scotia's employment and registered a 1.2 percent gain in employment in 2001.

Education, health care and the social assistance sectors, which together comprise 25.2 percent of services employment, reported mixed results in terms of employment growth. Employment in educational services had an increase of 2.5 per cent, while employment in health care and social assistance decreased by 1.2 per cent in 2001.

Retail and wholesale trade represent 23.3 per cent of employment in the services industries. This sector had a 2.1 per cent increase in employment in 2001 resulting from a combination of a 6.2 per cent increase in retail trade, which more than offset the 13.8 per cent drop in employment in wholesale trade.

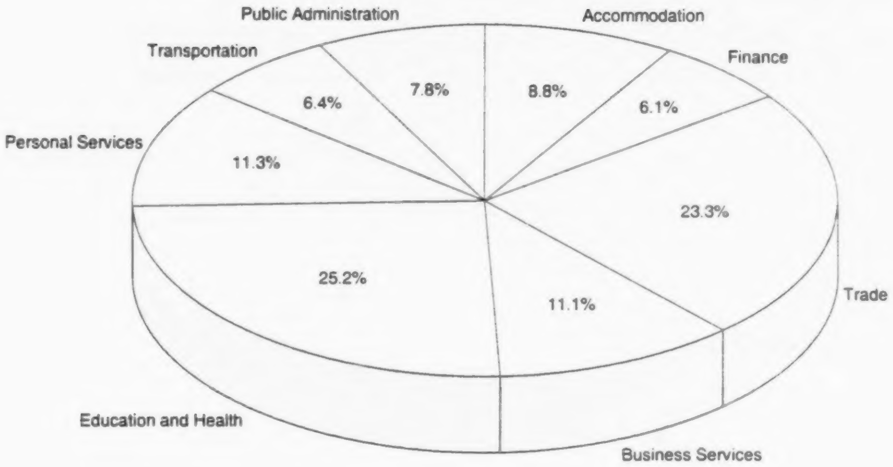
Employment dropped 9.5 per cent in the finance, insurance, real estate and leasing sectors during 2001, due primarily to fewer jobs in insurance and real estate services. Employment in the transportation and warehousing sector grew by 2.9 per cent in 2001.

In the business services sector, professional, scientific and technical services had a 5.3 per cent increase in employment, led by growth in jobs in computer system design services. Management, administration and other support services had a healthy increase in employment of 8.1 per cent for 2001. This growth is directly related to the development of call centres within the province, servicing the needs of clients throughout North America. Publishing, data processing, and amusement and recreation led the 6.0 per cent increase in employment for the information, culture and recreation sector in 2001.

The accommodation and food services sector also had strong employment growth in 2001 with 7.8 per cent gain, reflecting a steady tourism sector performance, with more spending by Nova Scotians. Employment in public administration grew by 2.0 per cent in 2001. The gain in employment for federal and municipal governments exceeded the drop in employment for the provincial government.

Employment by Service Industries 2001

(as a per cent of Total Services Industries Employment)



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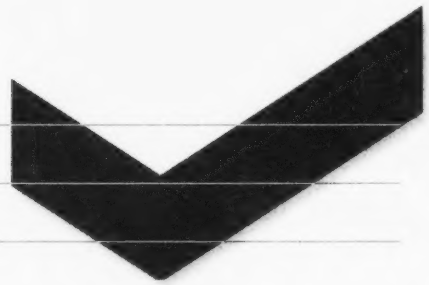
VOLUME 2 – AGENCIES AND FUNDS

Province of Nova Scotia

for the fiscal year **2001-2002**

THE HONOURABLE NEIL J. LEBLANC, MINISTER OF FINANCE



Public Accounts

VOLUME 2 – AGENCIES AND FUNDS

Province of Nova Scotia

for the Fiscal Year Ended March 31, 2002

Printed by Order of the Legislature

Halifax, Nova Scotia, 2002

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AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of
Annapolis Valley District Health Authority

We have audited the statement of financial position of the Annapolis Valley District Health Authority as at March 31, 2002 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the District Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority as at March 31, 2002 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

June 14, 2002

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Statement of Operations
for the year ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	(Note 16) 2001 Total
Revenue				
Department of Health Funding	$ 58,390,950	$ —	$ 58,390,950	$ 17,608,297
Department of Veteran's Affairs	1,778,938	—	1,778,938	379,377
Patient services	1,927,093	—	1,927,093	542,275
Physician funding	755,059	—	755,059	176,727
Program recoveries and sales	2,224,807	—	2,224,807	389,969
Amortization of deferred capital grants	—	3,451,705	3,451,705	864,000
Other	164,834	123,918	288,752	34,826
	65,241,681	3,575,623	68,817,304	19,995,471
Expenses				
Administration and support	2,371,907	—	2,371,907	517,254
Addiction	1,274,570	—	1,274,570	320,309
Diagnostic imaging	3,127,769	—	3,127,769	772,085
Environmental	2,629,065	—	2,629,065	720,201
Finance	611,501	—	611,501	167,457
Food and nutritional	3,030,084	—	3,030,084	799,854
Health registry	1,622,405	—	1,622,405	390,239
Human resources	503,049	—	503,049	139,828
Information	1,020,318	—	1,020,318	279,037
Laboratory	4,193,985	—	4,193,985	1,024,135
Materials management	1,475,345	—	1,475,345	403,134
Mental health	3,958,174	—	3,958,174	959,399
Nursing	27,707,014	—	27,707,014	6,705,791
Pharmacy	652,875	—	652,875	150,529
Plant and support	3,888,059	—	3,888,059	1,144,710
Public Health	1,352,872	—	1,352,872	326,974
Rehabilitation	1,246,996	—	1,246,996	320,478
Other programs	1,280,348	—	1,280,348	266,483
Amortization of property, plant and equipment	—	3,773,795	3,773,795	940,149
Interest	—	107,022	107,022	—
Employee future benefits	431,324	—	431,324	3,241,882
Other	2,364,021	22,897	2,386,918	485,669
Miller building removal	500,000	—	500,000	—
	65,241,681	3,903,714	69,145,395	20,075,597
Deficiency of revenues over expenses before payment of 2000 -2001 operating deficiency	—	(328,091)	(328,091)	(80,126)
Department of Health Funding of 2000 - 2001 operating deficiency	25,491	—	25,491	—
Excess (deficiency) of revenues over expenses	$ 25,491	$ (328,091)	$ (302,600)	$ (80,126)

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Statement of Financial Position
as at March 31, 2002

ASSETS

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Current				
Cash and cash equivalents (Page 8)	$ 1,737,734	$ (149,269)	$ 1,588,465	$ 2,878,458
Accounts receivable (Note 4)	9,824,386	1,088,530	10,912,916	8,045,941
Inventory	934,203	—	934,203	892,845
Prepaid expenses	276,200	25,563	301,763	253,008
	12,772,523	964,824	13,737,347	12,070,252
Long-term assets (Note 5)	3,764,965	—	3,764,965	3,335,501
Property, plant and equipment (Note 6)	—	45,542,519	45,542,519	46,448,898
	$ 16,537,488	$ 46,507,343	$ 63,044,831	$ 61,854,651

LIABILITIES

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Current				
Accounts payable and accrued liabilities (Note 8)	$ 10,356,657	$ 839,514	$ 11,196,171	$ 8,320,351
Current portion of long-term debt (Note 9)	—	29,440	29,440	29,440
Revenue received in advance	2,663,686	—	2,663,686	2,294,372
	13,020,343	868,954	13,889,297	10,644,163
Long-term debt (Note 9)	—	67,877	67,877	97,317
Employee future benefits (Note 3 and 14)	3,517,145	—	3,517,145	3,241,882
Deferred capital grants (Note 10)	—	44,312,006	44,312,006	46,310,183
	16,537,488	45,248,837	61,786,325	60,293,545

FUND BALANCES

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Restricted (Page 7)	—	322,028	322,028	243,341
Unrestricted (Page 7)	—	936,478	936,478	1,317,765
	—	1,258,506	1,258,506	1,561,106
	$ 16,537,488	$ 46,507,343	$ 63,044,831	$ 61,854,651

Commitments (Note 11)
Contingency (Note 15)

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Statement of Changes in Fund Balances
For the Year Ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	(Note 16) 2001 Total
Restricted Fund Balances				
Balance, beginning of period	$ —	$ 243,341	$ 243,341	$ —
Restricted fund balance transferred from Western Regional Health Board (Note 2)	—	—	—	243,341
Transfer from unrestricted fund balance	—	78,687	78,687	—
Balance, end of period	—	322,028	322,028	243,341
Unrestricted Fund Balances				
Balance, beginning of period	(25,491)	1,343,256	1,317,765	—
Unrestricted fund balance transferred from Western Regional Health Board (Note 2)	—	—	—	1,397,891
Transfer to restricted fund balance	—	(78,687)	(78,687)	—
Excess (deficiency) of revenues over expenses (Page 5)	25,491	(328,091)	(302,600)	(80,126)
Balance, end of period	—	936,478	936,478	1,317,765
Total Fund Balances	$ —	$ 1,258,506	$ 1,258,506	$ 1,561,106

ANNAPOLIS VALLEY DISTRICT HEALTH AUTHORITY

Statements of Cash Flows
Year Ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	(Note 16) 2001 Total
Net inflow (outflow) of cash related to the following activities:				
Operating				
Excess (deficiency) of revenues over expenditures	$ 25,491	$ (328,091)	$ (302,600)	$ (80,126)
Adjusted for:				
Amortization of property, plant and equipment (Page 5)	—	3,773,795	3,773,795	940,149
Amortization of deferred capital grants (Page 5)	—	(3,451,705)	(3,451,705)	(864,000)
Employee future benefits (Note 14)	431,324	—	431,324	3,241,882
Payment of employee future benefits	(156,061)	—	(156,061)	—
Changes in working capital items (Note 13)	63,864	224,181	288,045	1,422,929
	364,618	218,180	582,798	4,660,834
Financing				
Assumption of long term debt from Western Regional Health Board	—	—	—	134,119
Proceeds from capital grants (Note 10)	—	1,453,528	1,453,528	47,174,183
Net increase in restricted fund balance from Western Regional Health Board	—	—	—	243,341
Net increase in unrestricted fund balance from Western Regional Health Board	—	—	—	1,397,891
Repayment of long term debt	—	(29,440)	(29,440)	(7,362)
	—	1,424,088	1,424,088	48,942,172
Investing				
Investment in long term assets from Western Regional Health Board	—	—	—	(92,328)
Investment in long term assets	(429,464)	—	(429,464)	(3,243,173)
Net capital assets of the Western Regional Health Board	—	—	—	(47,267,628)
Acquisition of property, plant and equipment	—	(2,887,415)	(2,887,415)	(190,816)
Proceeds on disposal of property, plant and equipment	—	20,000	20,000	69,397
	(429,464)	(2,867,415)	(3,296,879)	(50,724,548)
Net cash inflow (outflow)	(64,846)	(1,225,147)	(1,289,993)	2,878,458
Cash and cash equivalents, beginning of period	1,802,580	1,075,878	2,878,458	—
Cash and cash equivalents (bank indebtedness), end of period	$ 1,737,734	$ (149,269)	$ 1,588,465	$ 2,878,458

1. DESCRIPTION OF ORGANIZATION

The Annapolis Valley District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000 The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001. The District Health Authority's mission is to maintain and improve the health and well-being of those we service throughout an integrated and accessible health system.

The facilities owned and operated by the District Health Authority are Annapolis Community Health Centre, Eastern Kings Memorial Community Health Centre, Soldiers Memorial Hospital and Valley Regional Hospital. In addition, the District Health Authority leases space to operate certain programs at the Western Kings Memorial Health Centre and other locations throughout Annapolis and Kings counties for the delivery of certain programs and services and supports five (5) Community Health Boards.

2. TRANSFER OF FUND BALANCES

Fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the Annapolis Valley District Health Authority effective January 1, 2001, as follows:

		2001
Restricted fund balance transferred from Western Regional Health Board	$	243,341
Unrestricted fund balance transferred from Western Regional Health Board	$	1,397,891

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenue and expenses related to the Annapolis Valley District Health Authority's capital assets and special purposes and endowment funds.

b) Revenue Recognition

The Annapolis Valley District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original costs less accumulated amortization. Amortization is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 20%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and include medical/surgical, drugs, and other general inventory.

f) Employee Future Benefits

Effective April 1, 2001, the District adopted, retroactively with prior years restated, the new recommendations of The Canadian Institute of Chartered Accountants (CICA) with respect to accounting for employee future benefits. The result was an increase in long term assets of $3,241,882 and an increase in employee future benefits of $3,241,882 for 2001. There were no other effects as the liability was fully funded by the Department of Health.

Under the new mothod, employee future benefits are determined based on assumptions as outlined in note 14 and recognized in the period in which benefits are earned by the employee. Prior to the adoption of the new recommendations, employee benefits were recognized as they were paid by the employer.

4. ACCOUNTS RECEIVABLE

	Operating Fund	Capital Fund	2002 Total	2001 Total
Department of Health				
Operating funding	$ 7,765,689	$ —	$ 7,765,689	$ 5,948,360
Transition support program	360,717	—	360,717	211,463
Capital grants	—	245,868	245,868	357,324
Department of Veteran's Affairs	161,710	—	161,710	42,856
Patient Care	564,974	—	564,974	572,153
HST rebates	417,057	245,335	662,392	329,691
Charitable foundations	84,678	597,327	682,005	167,248
Psychiatric recoveries	163,729	—	163,729	143,504
Federal grant funding	288,288	—	288,288	33,164
Other	17,544	—	17,544	240,178
	$ 9,824,386	$ 1,088,530	$ 10,912,916	$ 8,045,941

5. LONG-TERM ASSETS

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions and accounts receivable from the Department of Health for employee future benefits.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value 2002	Net Book Value 2001
Land and land improvements	$ 412,007	$ 221,857	$ 190,150	$ 179,386
Building and building service equipment	58,239,557	18,889,812	39,349,745	40,796,324
Equipment	32,911,127	27,031,701	5,879,426	5,288,276
Equipment under capital lease	716,306	593,108	123,198	184,912
	$ 92,278,997	$ 46,736,478	$ 45,542,519	$ 46,448,898

7. BANK INDEBTEDNESS

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling $4.1 million. As well, the District Health Authority has available a capital line of credit in the amount of $1,025,000 with a Canadian chartered bank. As of March 31, 2002, interest charges on any overdraft accounts are prime less .75%. There were no amounts owing on these lines at March 31, 2002 as the consolidated bank balance for South Shore District Health Authority, South West Nova District Health Authority, and the Annapolis Valley District Health Authority was positive. Subsequent to year-end, capital bank indebtedness was eliminated through the collection of a receivable from the Department of Health.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund	Capital Fund	2002 Total	2001 Total
Trade payables	$ 1,497,668	$ 36,917	$ 1,534,585	$ 1,385,212
Accrued liabilities	625,588	802,597	1,428,185	710,393
Vacation pay	3,479,952	—	3,479,952	3,547,114
Salary and benefits	3,980,180	—	3,980,180	2,426,952
Miller building removal	500,000	—	500,000	—
Other	273,269	—	273,269	250,680
	$ 10,356,657	$ 839,514	$ 11,196,171	$ 8,320,351

In 2002 a decision was taken to cease operations within the Miller Building, a discrete building on Valley Regional Hospital site. It is the intention of the District to have the building removed at some future date yet to be determined. The amount shown is mangement's best estimate of the costs associated with the removal.

9. LONG-TERM DEBT

	2002	2001
Obligations Under Capital Leases - interest at 0%, maturing in 2006	$ 97,317	$ 126,757
Current portion	(29,440)	(29,440)
	$ 67,877	$ 97,317

Estimated minimum principal repayments over the next five years are expected to be as follows:

2003	2004	2005	2006	2007
$ 29,440	$ 29,440	$ 29,440	$ 8,997	$ Nil

10. DEFERRED CAPITAL GRANTS

	2002	2001
Balance, beginning of period	$ 46,310,183	$ —
Transferred from Western Regional Health Board	—	45,897,177
Grant received for:		
Capital assets purchased	1,453,528	150,757
Future capital asset purchases	—	1,126,249
	47,763,711	47,174,183
Amortization of deferred capital grants	(3,451,705)	(864,000)
Balance, end of period	$ 44,312,006	$ 46,310,183

11. COMMITMENTS

Leases and Purchase Commitments

The Annapolis Valley District Health Authority has committed funds from operations for the purchase of lab reagents, occupancy and equipment leases. Estimated minimum lease payments and film purchases over the next five years are expected to be as follows:

2003	2004	2005	2006	2007
$ 751,404	$ 691,213	$ 608,998	$ 347,548	$ 172,211

12. PENSION PLAN

The Annapolis Valley District Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 2000 and showed an unfunded liability for the entire plan of $nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 2000 and showed an unfunded liability for the entire plan of $nil. The Annapolis Valley District Health Authority bears no financial responsibility for any unfunded liability of either plan.

13. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	2002 Total	2001 Total
Accounts receivable	$ (2,263,461)	$ (603,515)	$ (2,866,976)	$ (8,045,941)
Inventory	(41,358)	—	(41,358)	(892,845)
Prepaid expenses	(69,948)	21,193	(48,755)	(253,008)
Accounts payable and accrued liabilities	2,069,317	806,503	2,875,820	8,320,351
Revenue received in advance	369,314	—	369,314	2,294,372
	$ 63,864	$ 224,181	$ 288,045	$ 1,422,929

14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the Annapolis Valley District Health Authority, upon retirement. The most recent actuarial valuation was for the years ended March 31, 2001 and March 31, 2002.

Financial position of the program as follows:

Continuity Schedule	2001-2002	2000-2001
Liability, Beginning of Year	$ 3,241,882	$ 3,143,401
Current Service Costs	202,000	43,405
Interest on Liability	220,100	51,501
Benefits Paid Out To Retirees	(156,061)	—
Current Year Amortized Loss	9,224	3,575
Liability, End of Year	$ 3,517,145	$ 3,241,882
	(estimated)	

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2002 were calculated using the projected benefit method based on membership information provided by the Nova Scotia Association of Health Organizations ("NSAHO") as of December 31, 2000. The discount rate used was 7.05% and the salary growth rate 3.65% per year, plus promotional scale. The net expenditure related to these employee future benefits was $270,254 for the year.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the Annapolis Valley District Health Authority will be fully funded by the Province of Nova Scotia, up to and including March 31, 2002.

15. CONTINGENCY

The Annapolis Valley District Health Authority has yet to reach a collective agreement with the employees of the Nova Scotia Government Employees Union for Clerical, Drug Dependency, and Public Health. The most recent collective agreement expired March 31, 2001. Although a retroactive wage adjustment is likely to cover the period from April 1, 2001 to March 31, 2002, it has been determined that such an amount can not be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the Annapolis Valley District Health Authority.

16. COMPARATIVE FIGURES

Comparative figures for fiscal 2001 reflect three months of operations for the District Health Authority.

AUDITORS' REPORT

To the Chairman and Members of
Annapolis Valley Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Annapolis Valley Regional School Board as at March 31, 2002, and the statements of operations for the year ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002, and results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

MACKENZIE, MORSE AND BREWSTER
Chartered Accountants

Berwick, Nova Scotia
June 19, 2002

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
Current		
Cash	$ 5,450	$ 610,618
Receivables		
Province of Nova Scotia	9,518,780	8,454,120
Gov't of Canada	1,118,546	1,183,359
Other school boards	32,196	214,351
Other	892,532	510,862
Due from Trust Funds	126,008	6,461
Prepaid expenses	357,696	7,026
Inventories	127,091	121,410
	12,178,299	11,108,207
Restricted cash & investments (Note 2)	18,298	76,181
Fixed assets at cost		
School property & equipment (Note 1)	80,132,322	82,550,963
School buses & other vehicles (Note 1)	4,604,270	4,884,426
	$ 96,933,189	$ 98,619,777

LIABILITIES

	2002	2001
Current		
Bank Indebtedness	$ 1,180,637	$ —
Payables and accruals		
Trade	351,688	1,128,454
Other	330,469	1,405,565
Deferred Revenue	1,467,805	794,195
	3,330,599	3,328,214
Retirement Allowance (Note 3)	7,505,000	7,065,000
Term Debt		
Capital Lease (Note 4)	—	121,887
	10,835,599	10,515,101

EQUITY

	2002	2001
Investment in Capital Assets	84,736,592	87,313,502
Surplus - Non Restricted	731,916	104,209
Surplus - Restricted (Cafeteria)	18,298	76,181
Reserves	610,784	610,784
	86,097,590	88,104,676
	$ 96,933,189	$ 98,619,777

Contingencies (Note 6)
Commitments (Note 8)

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Statement of Operations
for the year ended March 31, 2002

		2002		
	Page	Budget	Actual	2001 Actual
Revenue				
Province of Nova Scotia	21	$ 71,163,380	$ 72,321,643	$ 70,787,426
Government of Canada	21	579,831	513,435	701,243
Appropriations from Councils	21	14,313,209	14,315,935	14,532,618
Prior Years' Surplus		104,209	104,209	—
Board Operations	21	3,309,086	4,570,467	4,392,176
Transfer from Reserves		606,070	—	—
		90,075,785	91,825,689	90,413,463
Expenditures				
Regional Board Management	22	2,553,711	2,476,824	2,328,012
School Admin. & Instruction	22	59,777,404	60,252,625	59,575,367
School Cafeterias	23	1,161,052	1,187,292	1,152,538
Property Services	23	7,439,911	7,045,815	7,388,985
Pupil Transportation	23	6,614,497	6,533,013	6,258,323
Special Education	24	10,054,945	10,262,787	9,865,734
Adult Education	24	1,550,942	1,991,044	1,742,476
Federal Programs	24	47,800	24,191	47,856
Capital Purchases	24	875,523	851,182	1,518,963
Debt Service - Teachers' Service Award	24	—	469,000	431,000
		90,075,785	91,093,773	90,309,254
Excess of Revenue Expenditures		$ —	$ 731,916	$ 104,209

Statement of Continuity of Surplus
for the year ended March 31, 2002

	2002	2001
Balance, beginning of period	$ 104,209	$ —
Transfer to current operations	104,209	—
	—	—
Excess of revenue over expenditures	731,916	104,209
Balance, end of period	$ 731,916	$ 104,209

The accompanying notes are an integral part of these financial statements.

Operating Fund Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
Current		
Cash	$ 5,450	$ 610,618
Receivables		
Province of Nova Scotia	8,181,034	8,285,865
Government of Canada	1,118,546	1,183,359
Due from other Boards	32,196	214,351
Other	892,532	510,862
Due from Capital Fund	1,337,746	168,255
Due from Trust Funds	126,008	6,461
Inventories, at cost	127,091	121,410
Prepaid expenses	357,696	7,026
	12,178,299	11,108,207
Restricted cash & Investments (Note 2)	18,298	76,181
	$ 12,196,597	$ 11,184,388

LIABILITIES

	2002	2001
Current		
Bank Indebtedness	$ 1,180,637	$ —
Payables and accruals		
Trade	351,688	1,128,454
Other	330,469	1,405,565
Deferred Revenue	1,467,805	794,195
	3,330,599	3,328,214
Due to Reserve Fund	610,784	610,784
Retirement Allowance (Note 3)	7,505,000	7,065,000
	11,446,383	11,003,998

EQUITY

	2002	2001
Surplus - Restricted (Cafeteria)	18,298	76,181
Surplus - Non Restricted	731,916	104,209
	750,214	180,390
	$ 12,196,597	$ 11,184,388

Commitments (Note 6)

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
as at March 31, 2002

ASSETS

		2002		2001
Accounts Receivable				
Due from Province of NS	$	1,337,746	$	168,255
Fixed assets, at cost				
Land, buildings and improvements (Note 1)		71,720,505		74,139,146
Equipment and furnishings		8,411,817		8,411,817
School buses and other vehicles		4,604,270		4,884,426
	$	86,074,338	$	87,603,644

LIABILITIES

		2002		2001
Due to operating fund	$	1,337,746	$	168,255
Term debt				
Capital Lease		---		121,887

EQUITY

		2002		2001
Investment in capital assets		84,736,592		87,313,502
	$	86,074,338	$	87,603,644

Statement of Continuity in Investment in Capital Assets
for the year ended March 31, 2002

		2002		2001
Balance, beginning of period	$	87,313,502	$	86,122,872
Capital expenditures from operating:				
School buses		---		600,600
Equipment and furnishings		121,886		256,346
Land, building & improvements		---		642,510
		121,886		1,499,456
Retirement of fixed assets:				
Disposal of Building		(2,418,640)		---
School buses		(280,156)		(308,826)
		(2,698,796)		(308,826)
Balance, end of period	$	84,736,592	$	87,313,502

The accompanying notes are an integral part of these financial statements.

Reserve Fund Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
Due from Operating Fund	$ 610,784	$ 610,784
	$ 610,784	$ 610,784

EQUITY

	2002	2001
Special Capital	$ 96,938	$ 96,938
Reserves for program enhancement:		
School Bus Disposal	9,132	9,132
KCDSB History	2,000	2,000
Prof. Development - Kings	2,714	2,714
Future Operations	500,000	500,000
	$ 610,784	$ 610,784

Statement of Continuity of Reserves
For the year ended March 31, 2002

	Balance at March 31,2001	Transfers from Operating	Transfers to Operating	Balance at March 31, 2002
Special Capital	$ 96,938	$ —	$ —	$ 96,938
School Bus Disposal	9,132	—	—	9,132
KCDSB History	2,000	—	—	2,000
Prof. Development - Kings	2,714	—	—	2,714
Future Operations	500,000	—	—	500,000
	$ 610,784	$ —	$ —	$ 610,784

The accompanying notes are an integral part of these financial statements.

Trust Funds Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
Cash	$ 670,685	$ 626,476
Investments, at cost	3,700	3,700
Receivables Prov of NS	96,831	---
Due from (to) operating account	(126,008)	(6,461)
	$ 645,208	$ 623,715

EQUITY

	2002	2001
Trust funds (Note 5)	$ 645,208	$ 623,715

Statement of Trust Funds
for the year ended March 31, 2002

	2002	2001
Balance, beginning of period	$ 623,715	$ 539,921
Donations received	422,393	226,907
Interest earned	23,497	34,854
Disbursements	(424,397)	(177,967)
Balance, end of period	$ 645,208	$ 623,715

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Detail of Revenues
for the year ended March 31, 2002

	2002		
	Budget	Actual	2001 Actual
PROVINCE OF NOVA SCOTIA			
General Formula	$ 64,972,900	$ 65,253,203	$ 63,092,673
Special education	5,238,500	5,238,500	4,837,727
Textbook Allocation	867,800	867,800	865,000
French special project	23,066	17,679	13,791
French Immersion	61,114	60,244	58,035
Bus purchase grant	—	—	600,600
Other	—	884,217	1,319,600
	$ 71,163,380	$ 72,321,643	$ 70,787,426
GOVERNMENT OF CANADA			
Human Resources Development	$ 47,800	$ 35,428	$ 231,092
Native students	250,000	209,584	216,764
Secretary of State:			
Minority Language	44,938	40,116	26,379
French Special Projects	84,308	74,171	81,923
French Immersion	152,785	154,136	145,085
	$ 579,831	$ 513,435	$ 701,243
APPROPRIATIONS FROM COUNCILS			
Mandatory			
Town of Annapolis Royal	$ 80,791	$ 80,791	$ 82,738
Town of Berwick	320,432	320,432	317,579
Town of Bridgetown	118,713	118,713	126,051
Town of Hantsport	176,758	176,758	180,508
Town of Kentville	674,893	674,893	689,213
Town of Middleton	243,197	243,393	235,443
Town of Windsor	472,771	472,771	480,448
Town of Wolfville	440,476	440,476	427,793
Municipality of Annapolis	2,305,285	2,305,285	2,332,224
Municipality of Kings	7,839,725	7,842,255	8,037,925
Municipality of West Hants	1,640,168	1,640,168	1,622,696
	$ 14,313,209	$ 14,315,935	$ 14,532,618
BOARD OPERATIONS			
Investment interest	$ 135,000	$ 151,670	$ 126,498
Cafeterias	1,161,052	1,176,094	1,138,524
Adult Education Fees & Revenues	1,367,895	1,550,170	1,461,974
Facility and Bus Rental	13,000	10,000	7,286
Sale of Assets	16,500	18,426	5,519
Other Fees & revenues	615,639	1,664,107	1,652,375
	$ 3,309,086	$ 4,570,467	$ 4,392,176

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures
for the year ended March 31, 2002

	2002		
	Budget	Actual	2001 Actual
REGIONAL BOARD MANAGEMENT			
Salaries and Wages	$ 1,309,089	$ 1,275,763	$ 1,356,723
Board Member expense	114,600	106,144	110,099
Employee benefits	172,566	163,257	94,932
Supplies and materials	109,675	113,518	99,823
Telephone	42,034	42,686	40,936
Travel and conference - staff	52,630	43,001	25,035
Travel and conference - board	61,000	41,323	33,812
Insurance	125,599	125,599	114,180
Professional fees	92,500	122,159	94,071
Contracted Services	14,961	26,764	9,361
Office Rental & Maintenance	170,177	170,177	166,860
Advertising and Promotion	35,525	26,922	26,367
Equipment Contracts	4,500	2,885	3,566
NSSBA & Other Dues & Fees	81,060	80,897	44,545
In-Service & Prof. Development	36,475	40,919	6,674
Occupational Health & Safety	26,725	15,252	7,378
Bank charges	83,100	68,630	69,796
School Board Elections	---	---	8,641
Other	21,495	10,928	15,213
	$ 2,553,711	$ 2,476,824	$ 2,328,012
SCHOOL ADMINISTRATION & INSTRUCTION			
Salaries and Wages			
Administration	$ 5,875,528	$ 5,594,301	$ 5,010,776
Instructional	40,169,273	39,892,414	40,286,972
Substitutes	1,858,348	1,594,233	1,918,184
Sabbatical	205,000	240,000	210,000
Library	760,447	784,564	700,202
Guidance	899,674	899,674	876,260
Clerical	1,727,262	1,746,662	1,803,989
Other	1,333,344	1,361,018	1,460,977
Employee Benefits	3,233,583	3,302,752	3,119,024
Professional Development	365,270	311,088	335,441
Service Awards	335,037	378,597	408,843
Supplies and Materials	1,182,272	1,606,129	1,313,948
Inservice training	69,000	96,354	89,864
Conference grants	165,000	188,606	125,672
Travel and conferences	127,070	105,873	116,903
Telephone	260,655	246,391	259,252
Computer Services	176,731	175,592	189,820
Textbook Allocation	867,800	867,800	865,000
Library books and aids	85,656	55,309	26,227
Other	80,454	805,268	458,013
	$ 59,777,404	$ 60,252,625	$ 59,575,367

The accompanying notes are an integral part of these financial statements.

Supplementary Details of Expenditures (continued)
for the year ended March 31, 2002

	2002		
	Budget	Actual	2001 Actual
SCHOOL CAFETERIAS			
Salaries and Wages	$ 370,479	$ 379,555	$ 370,440
Employee Benefits	45,573	45,727	39,746
Food and materials	745,000	762,010	742,352
	$ 1,161,052	$ 1,187,292	$ 1,152,538
PROPERTY SERVICES			
Salary and wages	$ 2,299,702	$ 2,251,739	$ 2,242,914
Employee benefits	357,103	350,045	344,361
Supplies and materials	718,000	743,510	567,136
In-Service & Prof. Development	500	143	416
Travel and conferences	34,500	22,883	50,623
Insurance	206,773	206,773	188,075
Utilities	2,129,620	1,890,226	2,282,147
Contracted services - Maintenance	248,500	210,985	216,989
Contracted services - Custodial	1,396,488	1,329,325	1,420,335
Telephone	23,510	17,406	22,255
Computer Services	215	—	177
Other Expenses	25,000	22,780	53,557
	$ 7,439,911	$ 7,045,815	$ 7,388,985
PUPIL TRANSPORTATION			
Salaries and Wages	$ 1,781,783	$ 1,839,207	$ 1,766,025
Employee benefits	295,736	289,739	280,272
Vehicle operating:			
Gas and oil	219,500	203,638	236,629
Tires	40,800	33,820	40,761
Repairs and maintenance	267,000	271,850	265,103
License and insurance	43,000	45,915	42,728
Supplies and materials	72,215	96,609	69,429
Maintenance and utilities:			
Garages	41,900	40,230	45,596
Bus Site maintenance	2,000	783	1,393
Travel & conferences	18,000	16,454	17,923
Contract conveyance	3,785,547	3,705,094	3,504,434
Inservice training	7,800	8,215	7,727
Extra-curricular (Recoveries)	—	(58,554)	(52,804)
Telephone	10,876	10,601	11,064
Other	28,340	29,412	22,043
	$ 6,614,497	$ 6,533,013	$ 6,258,323

The accompanying notes are an integral part of these financial statements.

ANNAPOLIS VALLEY REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
for the year ended March 31, 2002

	2002		
	Budget	Actual	2001 Actual
SPECIAL EDUCATION			
Salaries and Wages	$ 9,049,054	$ 9,277,955	$ 8,916,325
Employee benefits	818,249	814,064	811,937
Supplies and materials	100,339	86,977	41,831
Travel and conferences	51,500	55,128	50,222
Telephone	13,053	10,257	12,255
In Service & Prof. Development	5,250	5,609	2,334
Other	17,500	12,797	30,830
	$ 10,054,945	$ 10,262,787	$ 9,865,734
ADULT EDUCATION			
Salaries and wages	$ 924,426	$ 1,107,144	$ 1,060,030
Employee benefits	81,224	94,689	80,724
Supplies and materials	182,993	270,429	225,483
Travel and conferences	49,925	94,770	43,190
Facility Rental	106,900	159,588	126,365
Telephone	27,350	48,873	30,004
Inservice & Prof. Development	29,200	27,472	40,025
Computer Services	19,624	26,458	9,065
Advertising & Promotion	22,500	22,553	23,824
Other	106,800	139,068	103,766
	$ 1,550,942	$ 1,991,044	$ 1,742,476
FEDERAL PROGRAMS			
Co-op Education	$ 47,800	$ 24,191	$ 47,856
	$ 47,800	$ 24,191	$ 47,856
DEBT SERVICE COSTS			
Service Awards - Teachers	$ ---	$ 469,000	$ 431,000
	$ ---	$ 469,000	$ 431,000
CAPITAL PURCHASES			
Repair and renovations	$ 613,528	$ 453,368	$ 642,510
Furniture and equipment	261,995	397,814	275,853
Transportation - buses	---	---	600,600
	$ 875,523	$ 851,182	$ 1,518,963

The accompanying notes are an integral part of these financial statements.

1. Summary of significant accounting policies

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Department of Education School Board Financial Handbook.

Financial statement presentation

The financial statements to the Board have been prepared in accordance with the fund basis of accounting.

Basis of accounting

The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis. Teachers' salaries and those of non-teaching employees are recorded on the cash basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

School property, equipment, buses and other vehicles

School property, equipment and buses taken over from the Kings County District School Board which were previously transferred from the Kings County Amalgamated School Board and the Town of Hantsport have been recorded at costs to the Amalgamated Board and the Town respectively: Assets taken over from the Annapolis District School Board and Hants West District School Board which were formerly held by municipal units are recorded at their transferred amount.

Under the previous district school board agreements for the Annapolis and Hants West District School Boards, all school buildings and land on hand at December 31, 1981 remain assets of the municipal units but are under the operational control of the Board until such time as the Board no longer requires the asset for school board purposes. At that time control will revert back to the municipal units.

All major capital additions to school buildings on hand at December 31, 1981 and any new school construction commencing after that date are assets of the Board. As a result, the Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the school board under the circumstances noted above, a portion of the proceeds will be payable to the school board. In the event of the destruction of a building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the school board.

All capital additions and acquisitions from December 31, 1981 to March 31, 2001 have been recorded at actual cost. Effective April 1, 2001, the Province of Nova Scotia adopted tangible Capital Assets Accounting Guidelines and as a result only expenditures which meet the TCA Thresholds will be capitalized. Depreciation is not being recorded on the school buildings, equipment, buses or other vehicles.

2. Restricted cash and investments

Schedule of restricted cash and investments: Operating fund (pg. 17)	2002	2001
Surplus - Restricted (Cafeterias)	$ 18,298	$ 76,181

3. Retirement Allowance

During the 2000-2001 fiscal year the Province of Nova Scotia assumed full responsibility for accumulated liability associated with employee retirement allowances. School boards are responsible only for the current service cost of this benefit.

4. Trust funds

The Annapolis Valley Regional School Board manages a number of trust funds primarily for the generation of scholarships and awards. The following is a summary of the trusts and their activity during the year. Effective April 1, 1997 the Board incorporated the activities of the former Kings County District School Board Foundation. These are now carried as a separate Trust Account.

Managed Trust Funds:

	March 31, 2001	Additions	Interest	Disburse-ments	March 31, 2002
ACES Trust	$ 2,310	$ —	$ 77	$ 1,000	$ 1,387
ARRA Library Trust	6,197	53	215	—	6,465
Atkinson Trust	2,111	—	72	350	1,833
BarteauTrust	4,788	—	164	500	4,452
Bateman Trust	1,160	1,500	70	—	2,730
Beals Trust	144,286	—	4,957	4,500	144,743
Beattie Trust	10,662	—	368	535	10,495
BergevinTrust	1,051	—	33	1,077	7
Blackburn Trust	46	305	2	350	3
Borden Trust	3,438	—	119	190	3,367
BrannonTrust	894	—	31	—	925
Carter Trust	6,671	—	231	—	6,902
Clarke	6,356	—	220	—	6,576
Coldwell Trust	5,236	—	181	275	5,142
Cummings Trust	12,858	—	446	—	13,304
Dalton Trust	15,760	—	534	775	15,519
DeEll Trust	55,538	—	1,906	2,000	55,444
EvansTrust	858	—	30	—	888
Haskell Trust	23,322	1,000	830	1,000	24,152
Hibbard Trust	10,707	—	371	500	10,578
Horton Alumni	2,204	—	76	125	2,155
Hudgins Trust	420	—	14	20	414
Inglis Trust	21,448	—	741	733	21,456
Jones - BRES	4,988	—	174	—	5,162
Jones-BRHS	13,183	15,138	309	14,453	14,177
Johnson Trust	11,378	—	386	550	11,214
KCA Closing	5,212	—	163	5,343	32
KCDSB Trust(Warner)	5,406	73	187	300	5,366
Lightfoot Trust	—	1,163	26	500	689
LockhartTrust	1,574	—	53	500	1,127
Lyons Trust	4,792	—	165	250	4,707
Margeson	2,305	—	77	900	1,482
MacFarlane	8,651	50	293	558	8,436
MacNutt Trust	33,768	700	1,177	1,000	34,645
Mitchell Trust	1,343	—	45	75	1,313
MRHS 40th Ann. Trust	10,931	5,080	485	480	16,016
Neily Trust	423	—	15	8	430
Nixon Trust	5,498	250	194	250	5,692
Harry E. Parker Trust	4,393	—	152	—	4,545
Rena B. Parker Trust	38,039	—	1,312	2,000	37,351
Quartermain Trust	1,253	—	41	600	694
Rainforth Trust	437	—	15	—	452
Leah Rhoddy Trust	—	5,000	—	—	5,000
Sinnott Trust	10,908	—	376	500	10,784
Earle Spicer Trust	22,547	—	637	1,050	22,134
WorthylakeTrust	14,265	300	498	1,000	14,063
Champlain Refresh	—	53,734	257	22,076	31,915
Horton Refresh	—	56,137	155	110,308	(54,016)
Northeast Kings	—	88,578	245	79,728	9,095
Pine Ridge Refresh	—	79,571	250	62,741	17,080
Funds held temporarily for redistribution:					
Foundation	84,100	113,761	4,122	105,297	96,686
	$ 623,715	$ 422,393	$ 23,497	$ 424,397	$ 645,208

5. Pension Plan

The Board contributes to Registered Retirement Savings Plans and Registered Pension Plans on behalf of the non-teaching employees. The Boards teachers are covered by a pension plan established by the Province pursuant to the Teacher's Pension Act.

6. Commitments

Facility Rental

The Annapolis Valley Regional School Board currently leases 21,408 sq. ft. of office and storage space from the Western Kings Memorial Health Centre to house the regional school board's administrative operations. The ten year lease agreement will expire in July 2007. Rental charges for 2002-03 will be approximately $180,000 and will increase in subsequent year by the prior Year's Consumer Price Index increase for Nova Scotia.

7. Comparative Figures

Certain of the 2001 comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

AUDITOR'S REPORT

To the Governors and Members of the
Art Gallery of Nova Scotia

We have audited the financial statements of the Art Gallery of Nova Scotia consisting of the following:

Art Gallery of Nova Scotia	- Combined Balance Sheet as at March 31, 2002
Gallery, Gallery Shop,Product Development and Western Branch	- Balance Sheet as at March 31, 2002
Gallery	- Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2002
Gallery Shop	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2002
Product Development	- Statement of Revenue, Expenditures and Deficit for the year ended March 31, 2002
Western Branch	- Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2002
Endowment Fund	- Balance Sheet as at March 31, 2002 - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2002
Phase II Expansion Fund	- Balance Sheet as at March 31, 2002 - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2002
Acquisition Fund	- Balance Sheet as at March 31, 2002 - Statement of Revenue, Expenditures and Surplus for the year ended March 31, 2002

These financial statements are the responsibility of the Gallery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Art Gallery of Nova Scotia derives revenues from donation receipts, special events, corporate campaigns, admissions and other income, the completeness of which is not susceptible of conclusive audit verification. Accordingly, we were unable to determine whether any adjustments for unrecorded revenues might be necessary to revenue, excess (deficiency) of revenue over expenditures for the year or surplus (deficit).

In our opinion, except for the effect of any adjustments which might have been required had we been able to satisfy ourselves with respect to the revenue described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Art Gallery of Nova Scotia as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

ERNST & YOUNG LLP
Chartered Accountants

Halifax, Canada
May 17, 2002

ART GALLERY OF NOVA SCOTIA

Combined Balance Sheet
As at March 31, 2002

ASSETS

	2002	2001
Current		
Cash and cash equivalents (note 6)	$ 1,055,074	$ 1,048,260
Accounts receivable	109,273	99,546
Prepaids	12,500	---
Inventory	161,825	194,767
	1,338,672	1,342,573
Investments (note 5)	2,505,510	2,527,573
	$ 3,844,182	$ 3,870,146

LIABILITIES AND SURPLUS

	2002	2001
Current		
Accounts payable and accrued liabilities	$ 369,462	$ 442,710
Phase II expansion liability (note 6)	1,307,201	1,958,828
Deferred revenue	---	66,140
	1,676,663	2,467,678
(Deficit) - Gallery	(118,451)	(142,958)
Surplus - Gallery Shop	134,589	166,085
(Deficit) surplus - Product Development	(3,083)	3,876
Surplus - Western Branch	175,039	2,750
Surplus - Endowment Fund	1,848,159	2,023,576
Surplus (deficit) - Phase II Expansion Fund	133,286	(654,875)
(Deficit) surplus - Acquisition Fund	(2,020)	4,014
	2,167,519	1,402,468
	$ 3,844,182	$ 3,870,146

See accompanying notes

Contingency (note 7)

ART GALLERY OF NOVA SCOTIA

Gallery, Gallery Shop, Product Development and Western Branch
Balance Sheet
As at March 31, 2002

	2002	2001
ASSETS		
Current		
Cash and cash equivalents	$ 332,500	$ 177,269
Accounts receivable	98,305	98,169
Due from Endowment Fund	139,862	18,900
Due from Acquisition Fund	2,500	10,000
Due from Phase II Expansion Fund	—	26,800
Prepaids	12,500	—
Inventory	161,825	194,767
	$ 747,492	$ 525,905

LIABILITIES AND SURPLUS

	2002	2001
Current		
Accounts payable and accrued liabilities	$ 350,448	$ 430,012
Due to Phase II Expansion Fund	193,950	—
Due to Acquisition Fund	15,000	—
Deferred revenue	—	66,140
	559,398	496,152
(Deficit) - Gallery	(118,451)	(142,958)
Surplus - Gallery Shop	134,589	166,085
(Deficit) surplus - Product Development	(3,083)	3,876
Surplus - Western Branch	175,039	2,750
	188,094	29,753
	$ 747,492	$ 525,905

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery
Statement of Revenue, Expenditures and Deficit
Year ended March 31, 2002

		2002		2001
Revenue				
Province of Nova Scotia (note 3)	$	1,091,283	$	1,003,050
Admissions		199,979		47,420
Sponsorships		177,277		330,760
Special grants		176,118		171,900
Other income		102,974		175,813
Memberships		65,649		42,753
Donations - AGNS appeal, major gifts		52,316		42,372
Public Education Programs		46,586		40,243
Special events		46,178		27,740
Corporate campaign		19,292		20,340
Interest		3,534		8,715
		1,981,186		1,911,106
Expenditures (Schedule)				
Salaries and benefits		768,128		793,110
Building operations		638,539		602,121
Exhibitions and programming		493,880		600,497
Development/public relations		126,240		101,724
Administration		141,528		153,230
Printing and publication		34,260		15,219
Technology		12,188		10,081
Miscellaneous		6,916		6,845
		2,221,679		2,282,827
Contribution from Gallery Shop		50,000		10,000
Contribution from Endowment Fund		215,000		215,000
		265,000		225,000
Excess of revenue over expenditures for the year		24,507		(146,721)
(Deficit) surplus, beginning of year		(142,958)		3,763
(Deficit), end of year	$	(118,451)	$	(142,958)

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery
Schedule of Expenditures
Year ended March 31, 2002

	2002	2001
Salaries and Benefits		
Salaries and employee benefits	$ 768,128	$ 793,110
	768,128	793,110
Building Operations		
Utilities	221,340	209,061
Security	177,887	174,376
Climate control	125,342	133,188
Building maintenance and cleaning	63,067	46,275
Insurance	27,386	26,237
Elevator maintenance	10,378	9,063
Building repairs	13,139	3,921
	638,539	602,121
Exhibitions and Programming		
Programs	470,965	576,092
Workshop supplies	8,988	8,625
Collections management and gallery services	7,382	6,454
Vehicle	5,385	7,722
Conservation lab	1,160	1,604
	493,880	600,497
Administration		
Stationery and postage	42,259	57,188
Telephone	26,029	28,312
Travel	16,874	26,946
Professional fees	16,845	16,302
Equipment rental	14,331	13,890
Memberships	5,051	5,535
Equipment maintenance	3,688	4,134
Delivery administration	1,163	923
	126,240	153,230
Development/public relations		
Development/public relations	141,528	101,724
	141,528	101,724
Printing and Publication		
Printing and publication	33,513	13,200
Photography	747	2,019
	34,260	15,219
Technology		
Technology	10,539	7,861
Training and development	1,649	2,220
	12,188	10,081
Miscellaneous		
Bank charges	5,935	4,031
Miscellaneous	981	2,814
	6,916	6,845
Total expenditures	$ 2,221,679	$ 2,282,827

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Gallery Shop
Statement of Revenue, Expenditures and Surplus
Year ended March 31, 2002

	2002	2001
Revenue		
Art and craft sales	$ 287,026	$ 237,144
Art and craft sales on consignment	95,416	115,991
Books, notes and posters	30,801	38,983
	413,243	392,118
Cost of sales	246,301	225,591
Gross profit	166,942	166,527
Expenditures		
Salaries and employee benefits	92,965	96,165
Office and administration	40,473	51,629
Promotional	—	1,941
	133,438	149,735
Excess of gross profit over expenditures for the year	33,504	16,792
Surplus, beginning of year	166,085	159,293
Contribution to Gallery	(50,000)	(10,000)
Contribution to Acquisition Fund	(15,000)	—
Surplus, end of year	$ 134,589	$ 166,085

Product Development
Statement of Revenue, Expenditures and Deficit
Year ended March 31, 2002

	2002	2001
Revenue	$ 112,077	$ 43,494
Cost of sales	75,235	18,206
Gross profit	36,842	25,288
Expenditures		
Salaries and employee benefits	25,737	14,880
Promotional	6,889	2,685
Office and administration	6,567	3,240
Members' discount	4,608	607
	43,801	21,412
Excess of expenditures over gross profit for the year	(6,959)	3,876
Surplus, beginning of year	3,876	—
(Deficit) surplus, end of year	$ (3,083)	$ 3,876

See accompanying notes

Western Branch
Statement of Revenue, Expenditures and Surplus
Year ended March 31, 2002

	2002	2001
Revenue		
Donations	$ 186,859	$ 94,082
Special grants (note 3)	80,000	220,000
Fundraising	2,119	13,206
Interest	1,224	8,548
	270,202	335,836
Expenditures		
Building capital cost	72,950	474,935
Office and miscellaneous	17,879	28,730
Building operations	6,165	5,504
Building fundraising	919	21,085
	97,913	530,254
Excess of revenue over expenditures for the year	172,289	(194,418)
Surplus, beginning of year	2,750	197,168
Surplus, end of year	$ 175,039	$ 2,750

Endowment Fund
Balance Sheet
as at March 31, 2002

	2002	2001
ASSETS (note 4)		
Current		
Cash and cash equivalents	$ 12,009	$ 9,669
Accounts receivable	118	812
Due from Acquisition Fund	3,892	23,132
	16,019	33,613
Investments (note 5)	2,505,510	2,527,573
	$ 2,521,529	$ 2,561,186
LIABILITIES AND SURPLUS		
Current		
Accounts payable	$ 1,632	$ 5,218
Due to Gallery	139,862	18,900
	141,494	24,118
Due to Phase II	531,876	513,492
	673,370	537,610
Surplus		
Restricted	310,000	300,000
Unrestricted	1,538,159	1,723,576
	1,848,159	2,023,576
	$ 2,521,529	$ 2,561,186

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Endowment Fund
Statement of Revenue, Expenditures and Surplus
Year ended March 31, 2002

	2002	2001
Revenue (Note 4)		
Investment income	$ 87,729	$ 154,985
Life memberships	12,375	26,500
Restricted donations	10,475	150
Oyler project	4,000	7,500
Gallery endowments	3,500	—
Marian deWitt Endowment	—	1,000
	118,079	190,135
Expenditures (note 4)		
Trustee fees	25,574	24,762
Administration	10,903	16,049
Promotion and public relations	8,368	14,880
Donor restricted projects	7,329	7,921
Printing and postage	6,000	7,440
Miscellaneous	4,153	61
Receptions	1,169	300
Life membership servicing	—	5,615
Gallery Endowment expenses	—	2,265
	63,496	79,293
Excess of revenue over expenditures for the year	54,583	110,842
Surplus, beginning of year	2,023,576	2,142,734
Contribution to Gallery	(215,000)	(215,000)
Contribution to Acquisition Fund	(15,000)	(15,000)
Surplus, end of year	1,848,159	2,023,576
Less: restricted surplus	(310,000)	(300,000)
Unrestricted surplus, end of year	$ 1,538,159	$ 1,723,576

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Phase II Expansion Fund
Balance Sheet
as at March 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ 667,653	$ 819,046
Due from Gallery	193,950	—
Due from Acquisition Fund	50,000	—
Accounts Receivable	430	—
	912,033	819,046
Due from Endowment Fund	531,876	513,492
	$ 1,443,909	$ 1,332,538

LIABILITIES AND SURPLUS

	2002	2001
Current		
Accounts payable	$ 3,422	$ 1,785
Phase II expansion liability (note 6)	1,307,201	1,958,828
Due to Gallery	—	26,800
	1,310,623	1,987,413
Surplus (deficit)	133,286	(654,875)
	$ 1,443,909	$ 1,332,538

Phase II Expansion Fund
Statement of Revenue, Expenditures and Surplus
Year ended March 31, 2002

	2002	2001
Revenue		
Pledges and donations	$ 162,377	$ 176,390
Investment income	46,164	71,910
	208,541	248,300
Expenditures		
Capital expenses	98,309	103,391
Furniture and fixtures	23,216	260
Trustee fees	6,527	6,326
Fundraising expenses	5,328	10,189
	133,380	120,166
Excess of revenue over expenditures for the year	75,161	128,134
Deficit, beginning of year	(654,875)	(783,009)
Phase II expansion liability forgivemess (note 6)	713,000	—
Surplus (deficit), end of year	$ 133,286	$ (654,875)

See accompanying notes

ART GALLERY OF NOVA SCOTIA

Acquisition Fund
Balance Sheet
as at March 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ 42,912	$ 42,276
Accounts receivable	10,420	566
Due from Gallery Shop	15,000	---
	$ 68,332	$ 42,842
LIABILITIES AND SURPLUS		
Current		
Accounts payable	$ 13,960	$ 5,696
Due to Phase II	50,000	---
Due toEndowment Fund	3,892	23,132
Due to Gallery	2,500	10,000
	70,352	38,828
(Deficit) surplus	(2,020)	4,014
	$ 68,332	$ 42,842

Statement of Revenue, Expenditures and Deficit
Year ended March 31, 2002

	2002	2001
Revenue		
Donations:		
Art Sales and Rental Society	$ 75,000	$ 45,000
Other	13,110	21,790
Friends of the Gallery	6,500	6,000
Grants (note 3)	29,900	22,870
AGNS Appeal	17,250	14,522
Contribution from Endowment Fund	15,000	15,000
Contribution from Gallery Shop	15,000	---
Interest	---	159
	171,760	125,341
Expenditures		
Acquisitions	153,270	56,795
Appraisal and professional fees	15,082	30,808
Insurance	5,000	10,000
Shipping	1,703	827
Promotion	1,628	2,009
Administration	580	2,000
Miscellaneous	312	649
Permanent collection exhibit	179	---
Bank charges	40	65
	177,794	103,153
Excess of expenditures over revenue for the year	(6,034)	22,188
Surplus (deficit), beginning of year	4,014	(18,174)
(Deficit) surplus, end of year	$ (2,020)	$ 4,014

See accompanying notes

1. Purpose of the Organization

The Art Gallery of Nova Scotia's ("AGNS") mandate is to preserve the provinces's unique visual and cultural history through the acquisition, conversation and display of art, and the provision of art education to learners of all ages.

The Art Gallery of Nova Scotia is registered as a charitable organization under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the AGNS must meet certian requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the AGNS, the accounts of the AGNS are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into separate funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors or various funding authorities.

For financial reporting purposes, the accounts have been classified into the following seven groupings:

The AGNS Gallery Fund supports the day to day operations of the Gallery including all programming, exhibitions, development, public relations, conservation, and collections management.

The purpose of the AGNS Acquisition Fund is to purchase works of art for the Gallery and cover costs associated with acquiring these works.

The AGNS Endowment Fund exists to support and manage all of the investments for the long term survival of the Gallery. The investments are managed by a professional fund manager and the Investment Committee is responsible for monitoring the fund on behalf of the Board of Governors.

The AGNS Phase II Fund was established in 1998 when the Gallery began expansion into the Provincial Building. This fund will cease to exist when all pledges towards the project have been received.

The AGNS Western Branch Fund is primarily a capital fund with the purpose of completing the construction of the Western Branch in Yarmouth.

The AGNS Gallery Shop serves dual purposes, firstly it is an excellent showcase for AGNS branded products developed around major traveling exhibitions. Secondly, to extend the educational experience of our visitors exposing them to the best that Nova Scotia has to offer in fine craft and art. The sale of products also provides financial support to artists and craftspeople. Funds generated support acquisitions of art work for the Gallery and other special need projects.

AGNS Product Development was established to develop and market AGNS branded projects under various copyrights and provide an opportunity for AGNS to license its intellectual property. Revenues from this fund will be directed to special projects as determined by the Gallery.

Cash and equivalents

Cash and equivalents are cash and short term liquid investments with a maturity of 90 days or less.

Inventory

Inventory is valued at the lower of cost, determined on an average cost basis, and net realizable value.

Investments

Investments are recorded at cost. Income is recognized on the settlement date.

Revenue recognition

Revenue from donations, life memberships and investment income is recognized when the cash is received. All other revenue is recognized on the accrual basis of accounting.

Acquisitions

Acquisitions of works of art, including donated works, become the property of the Province of Nova Scotia. Accordingly, acquisitions paid for by the Art Gallery of Nova Scotia are expensed in the year acquired. Acquisitions expensed in the current year amounted to $153,270 (2001 - $56,795).

Other income

Other income includes revenue from rental spaces, catalogue sales, advertising and gallery services.

Contributed service

Volunteers contribute approximately 25,000 hours this year to assist the Art Gallery of Nova Scotia in carrying out its mandate. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

3. **Government Assistance**

During the year the Art Gallery of Nova Scotia recognized revenue from provincial, federal and other grants which are recorded as follows:

		2002		2001
Gallery Fund:				
Nova Scotia Department of Tourism and Culture	$	1,091,283	$	1,003,050
Canada Council for the Arts		120,000		165,900
Federal Department of Canadian Heritage		27,000		---
Halifax Regional Municipality		25,500		6,000
		1,263,783		1,174,950
Western Branch Fund:				
Nova Scotia Department of Tourism and Culture		80,000		80,000
Town of Yarmouth		---		50,000
Municipal District of Yarmouth		---		10,000
Department of Economic Development and Tourism		---		80,000
		80,000		220,000
Acquisition Fund:				
Canada Council for the Arts		29,900		22,870
		29,900		22,870
	$	1,373,683	$	1,417,820

4. **Endowment Fund**

Endowment Fund donations and bequests are allocated to the Endowment Fund together with investment income thereon. The income of the fund, or a portion thereof as determined by the Board of Governors, after a balance of $500,000 has been accumulated shall be available for the purpose of:

a) the acquisition of artworks for the permanent collection;
b) the expansion of exhibition and art education programs; and
c) other special projects.

The funds which will be placed in the Endowment Fund will be:

a) donations designated as such by the donor;
b) special types of donations which are stipulated to go to the Fund, such as Life Member's fees; and
c) any funds specifically designated by the Board of Governors.

Expenses relating to the activities of the Endowment Fund will be charged to the Endowment Fund.

5. **Investments**

The investments included in the Art Gallery of Nova Scotia's financial statements are comprised of the following:

	2002		2001	
	Cost	Market Value	Cost	Market Value
Endowment Fund				
Equity	$ 2,505,510	$ 3,144,684	$ 2,527,573	$ 3,007,982
	$ 2,505,510	$ 3,144,684	$ 2,527,573	$ 3,007,982

6. Phase II Expansion Liability Forgiveness

The AGNS received $713,000 in debt forgiveness from the department of Tourism and Culture relating to the construction work done on the Phase II expansion. The forgiveness directly reduces the deficit created as a result of the construction as the related expenditures were recorded in prior years. The amount includes $61,376 of amounts previously in dispute and recorded as capital expenses in the current year.

Subsequent to year end, AGNS completed an agreement that released Phase II from an additional $557,557 in debt relating to the expansion. As a condition of this agreement AGNS paid the remaining liability of $749,644 to the department of Transportation and Public Works in April, 2002.

7. Contingency

There are $45,624 in disputed amounts owed by AGNS to another government agency which date back several years. The AGNS believes that the result of this dispute is not determinable and no liability has been recorded.

8. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
Cape Breton District Health Authority

We have audited the statement of financial position of the Cape Breton District Health Authority as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
July 26, 2002

CAPE BRETON DISTRICT HEALTH AUTHORITY

Statement of Financial Position
March 31, 2002, with comparative figures for 2001

ASSETS

	2002	2001
Current Assets:		
Cash	$ 2,871,287	$ 5,479,900
Internally restricted cash	160,945	160,945
Accounts receivable (note 2)	22,360,497	18,603,267
Inventories (note 4)	2,372,238	2,339,853
Prepaid expenses	197,682	502,352
	27,962,649	27,086,317
Capital assets (note 5)		
Cost	249,900,972	246,682,272
Less accumulated amortization	90,414,898	80,970,913
	159,486,074	165,711,359
Other assets (note 7)		
Due from Department of Health for retirement allowance	9,707,969	10,176,924
	$ 197,156,692	$ 202,974,600

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

	2002	2001
Current liabilities:		
Accounts payables and accrued liabilities (note 6)	$ 28,972,343	$ 28,067,819
Deferred contributions for capital assets (note 8)	157,885,162	164,048,366
Other liabilities:		
Retirement allowance payable (note 7)	9,707,969	10,176,924
Net assets :		
Unrestricted (deficiency)	(1,170,639)	(1,142,447)
Restricted (note 1 (c))	160,945	160,945
Invested in capital assets (note 9)	1,600,912	1,662,993
	591,218	681,491
	$ 197,156,692	$ 202,974,600

Contingencies (note 11)

See accompanying notes to the financial statements.

CAPE BRETON DISTRICT HEALTH AUTHORITY

Statement of Operations
Year ended March 31, 2002, with comparative figures for the three months ended March 31, 2001

	Sharebable	Non-Shareable	Total 2002	Total 2001
Income:				
Net patient income:				
Provincial Plan	$ 142,250,185	$ —	$ 142,250,185	$ 35,942,704
Other	9,804,234	952,201	10,756,435	2,744,020
Medical service insurance	6,624,203	—	6,624,203	1,933,246
Net differential	1,233,049	404,122	1,637,171	372,918
Dietary recoveries	1,261,968	—	1,261,968	294,762
Miscellaneous	254,624	300,849	555,473	142,721
Investment income	—	112,329	112,329	70,370
Referred in work	56,832	—	56,832	11,360
Equipment grant	—	38,508	38,508	9,627
	161,485,095	1,808,009	163,293,104	41,521,728
Expenses:				
Nursing inpatient services	60,541,681	686,713	61,228,394	14,600,792
Support services	40,501,739	—	40,501,739	11,710,706
Diagnostic and therapeutic services	29,454,323	—	29,454,323	7,373,979
Ambulatory care services	25,360,155	—	25,360,155	6,108,140
Addiction services	3,343,458	—	3,343,458	868,791
Public health	2,818,332	—	2,818,332	714,828
Education	586,703	—	586,703	144,492
	162,606,391	686,713	163,293,104	41,521,728
Excess of revenue over expenditures before below noted items			—	—
Amortization of deferred contributions related to capital assets			9,353,712	2,208,706
Amortization of capital assets			(9,443,985)	(2,258,390)
Department of Health funding for retirement allowance			468,955	296,903
Retirement allowance			(468,955)	(296,903)
Excess of expenditure and revenue			$ (90,273)	$ (49,684)

See accompanying notes to financial statements

CAPE BRETON DISTRICT HEALTH AUTHORITY

Statement of Changes in Net Assets
Year ended March 31, 2002, with comparative figures for the
three months ended March 31, 2001

	Unrestricted	Restricted	Investment in Capital Assets	Total 2002	Total 2001
Balance, beginning of period	$ (1,142,447)	$ 160,945	$ 1,662,993	$ 681,491	$ —
Acquired from predecessor entities	—	—	—	—	731,175
Excess of expenditure over revenue	—	—	(90,273)	(90,273)	(49,684)
Net change in investment in capital assets (note 9)	(28,192)	—	28,192	—	—
Balance, end of period	$ (1,170,639)	$ 160,945	$ 1,600,912	$ 591,218	$ 681,491

Statement of Cash Flows
Year ended March 31, 2002, with comparative figures for the
three months ended March 31, 2001

	2002	2001
Cash provided by (used in):		
Operation activities:		
Excess of expenditure over revenue	$ (90,273)	$ (49,684)
Items not involving cash:		
Amortization of capital assets	9,443,985	2,258,390
Amortization of deferred contributions related to capital assets	(9,353,712)	(2,208,706)
Retirement allowance	(468,955)	(296,903)
Department of Health funding for retirement allowance	468,955	296,903
Change in non-cash operating working capital:		
Increase in accounts receivable	(3,757,230)	(3,427,732)
(Increase) decrease in inventories	(32,385)	210,006
(Increase) decrease in prepaid expenses	304,670	(152,151)
Decrease in accounts payable and accrued liabilities	904,524	4,350,210
	(2,580,421)	980,333
Financing and investing activities:		
Purchases of capital assets	(3,218,700)	(3,009,212)
Contribution for capital assets	3,190,508	1,135,147
	(28,192)	(1,874,065)
Decrease in cash position	(2,608,613)	(893,732)
Cash, beginning of period	5,640,845	6,534,577
Cash, end of period	$ 3,032,232	$ 5,640,845
Cash is represented by the following:		
Cash internally restricted	$ 160,945	$ 160,945
Cash	2,871,287	5,479,900
	$ 3,032,232	$ 5,640,845

See accompanying notes to the financial statements.

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Asset. This legislation abolished Regional Health Boards and replaced them with Health Authorities. The effects on the former Cape Breton Healthcare Complex are as follows: Cape Breton Regional Hospital, Glace Bay Healthcare Corporation, New Waterford Consolidated Hospital, Northside Harbour View Hospital, Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre form District Health Authority #8. As a result of this legislation, the Cape Breton Healthcare Complex ceased operations effective December 31, 2000 and was replaced by District Health Authority #8 on January 1, 2001.

District Health Authority #8 changed its name to operate as Cape Breton District Health Authority.

The Health Authority's principal activity is to operate and manage designated hospitals and provide other health related activities to the residents of Cape Breton.

1. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

(a) Revenue recognition:

The Health Authority follows the deferral method of accounting for contributions which include donations and government grants.

The Health Authority is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

(b) Inventories:

Inventories are stated at cost.

(c) Restricted:

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

(d) Capital assets:

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	Rates
Land improvements	5%
Buildings and service equipment	2% - 5%
Major equipment	5% - 20%
Equipment under capital lease	10% - 20%

2. Accounts receivable:

	2002	2001
Patients (less allowance for doubtful accounts)	$ 908,707	$ 771,373
Medical service insurance	288,984	493,500
Department of Community Services	30,495	44,310
Level 11 Care (less allowance for doubtful accounts)	582,369	526,859
Harmonized sales tax	1,052,687	1,067,218
Hospital Foundations (note 10)	783,586	1,073,858
Veterans	170,468	259,153
Sundry	3,156,688	1,652,950
Guysborough Antigonish Strait Health Authority	142,923	—
Department of Health (note 3):		
Estimated year end adjustment	3,322,790	4,234,172
Capital funding	798,675	2,658,698
Vacation accrual	5,608,548	5,608,548
Addiction Services and Public Health	883,538	212,628
Contract settlement	4,630,039	—
	$ 22,360,497	$ 18,603,267

3. Accounts with the Department of Health:

The Health Authority has the following accounts with the Department of Health:

	2002	2001
Accounts receivable:		
Retirement allowance (note 7)	$ 9,707,969	10,176,924
Estimated year end adjustment	3,322,790	4,234,172
Capital funding	798,675	2,658,698
Vacation accrual	5,608,548	5,608,548
Addiction Services and Public Health	883,538	212,628
Contract settlement	4,630,039	—
	$ 24,951,559	$ 22,890,970

Collectability of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period which settlement occurs.

4. Inventories:

	2002	2001
Medical and surgical	$ 507,631	$ 490,567
Drugs	779,574	961,643
Food	74,885	53,947
General	1,010,148	833,696
	$ 2,372,238	$ 2,339,853

5. Capital assets:

	2002	2001
Land	$ 570,230	$ 570,230
Land improvements	2,277,640	2,434,109
Buildings and service equipment	140,804,971	143,522,420
Equipment	15,833,233	19,184,600
	$ 159,486,074	$ 165,711,359

6. Accounts payable and accrued liabilities:

	2002	2001
Accounts payable	$ 8,317,194	$ 9,238,975
Due to Department of Health:		
Advances by Provincial Plan - current	5,706,731	5,549,989
Employee deductions payable	245,582	126,618
Accrued salaries:		
Salaries	7,582,193	4,939,568
Vacation pay accrual	5,376,012	6,842,374
Other accruals	770,570	167,709
Payable for equipment	35,312	73,820
Department of Health new hospital construction	938,749	938,749
Guysborough Antigonish Strait Health Authority	—	190,017
	$ 28,972,343	$ 28,067,819

7. Retirement allowance:

In the prior year, the Department of Health requested that Nova Scotia District Health Authorities recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Authorities, the Department engaged consulting actuaries to quantify for each Health Authority the retiring allowance liability and expense for years up to March 31, 2002 along with a projection of the expense and liability for the fiscal year ended March 31, 2003.

In compliance with the Department's request, the District Health Authority has recorded the following in respect of retiring allowances accrued up to March 31, 2002:

	2002	2001
Opening balance	$ 10,176,924	$ 9,880,021
Retiring allowance expense computed with reference to the actuarial projection of expense for the period	1,161,168	296,903
Actuarial allocation adjustment	(1,130,123)	—
Retirement allowance payouts (estimated)	(500,000)	—
Funding receivable from the Department for the actual projected liability	$ 9,707,969	$ 10,176,924

8. Deferred contributions related to capital assets:

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the period are as follows:

	2002	2001
Opening balance	$ 164,048,366	$ —
Transferred from Cape Breton Healthcare Complex	—	145,506,715
Transferred from District Health Authority #7	—	19,615,210
Additional contributions received	3,190,508	1,135,147
Less amounts amortized to revenue	(9,353,712)	(2,208,706)
	$ 157,885,162	$ 164,048,366

9. **Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

	2002	2001
Capital assets	$ 159,486,074	$ 165,711,359
Amounts financed by deferred contributions	157,885,162	164,048,366
	$ 1,600,912	$ 1,662,993

b) Change in net assets invested in capital assets is calculated as follows:

	2002	2001
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 9,353,712	$ 2,208,706
Amortization of capital assets	9,443,985	2,258,390
	$ (90,273)	$ (49,684)
Net change in investment in capital assets:		
Purchase of capital assets	$ 3,218,700	$ 3,009,212
Amounts funded by deferred contributions	3,190,508	1,866,765
	$ 28,192	$ 1,142,447

10. **Related party transactions:**

The Hospital is related to the Cape Breton Regional Hospital Foundation, Northside Hospital Charitable Foundation, New Waterford Consolidated Charitable Foundation, Glace Bay Healthcare Corporation Charitable Foundation, Buchanan Memorial Foundation, Sacred Heart Hospital Foundation, Victoria County Memorial Hospital Charitable Foundation and Inverness Consolidated Memorial Hospital Foundation. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Hospital.

As at March 31, 2002 the following amounts were due from the Foundations with comparative figures:

	2002	2001
Cape Breton Regional Hospital Foundation	$ 118,661	$ 408,861
Northside Hospital Charitable Foundation	45,905	36,327
Inverness Consolidated Memorial Hospital Foundation	49,639	49,639
Buchanan Memorial Hospital Foundation	499,031	579,031
New Waterford Consolidated Charitable Foundation	70,350	—
	$ 783,586	$ 1,073,858

11. **Contingencies:**

a) Law suits:

The Health Authority has been named a defendant in several law suits.

The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Management is of the opinion that the Province of Nova Scotia, Department of Health and Community Services, will provide the necessary funding to meet obligations, if any, which may result from the legal actions.

b) Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contract settlement with the Nova Scotia Government Employees Union, the Canadian Automobile Works Union and the Canadian Union of Public Employees in respect of retroactive amounts owing from April 1, 2001 to March 31, 2002. The estimate was based on assumptions as provided by the Department of Health based on expected settlements, see below. The actual cost of settlement may differ from that accrued in the financial statements once the contracts have been officially settled and ratified. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

Assumptions (for all unions):

	Rates	**Lump Sum**
Nursing (RN, BN)	7%, 5%, 5%	None
Nursing (LPN)	2%, 3.5%, 2%	$ 1,500
Healthcare workers:		
Technical	2%, 3.5%, 2%	$ 1,500
Clerical & support	2%, 2%, 2%	None

Non-wage items are estimated to be 1.25% of base salary.
Benefits are estimated at 16% of gross amounts.

AUDITORS' REPORT

To the Chairperson and Members
Cape Breton Victoria Regional School Board
George Street
Sydney, Nova Scotia

We have audited the balance sheets of the Cape Breton-Victoria Regional School Board as at March 31, 2002, and the statement of operations for the year then ended. These financial statements are the responsibility of the Cape Breton-Victoria Regional School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Cape Breton-Victoria Regional School Board as at March 31, 2002, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles established for school boards in the Province of Nova Scotia.

ROACH PERRY ANDERSON
Chartered Accountants

Sydney, Nova Scotia
June 17, 2002

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Accounts receivable		
First Nation	$ 502,796	$ 194,195
Government of Canada (Note 2)	404,436	385,566
Province of Nova Scotia (Note 3)	815,771	1,426,172
Other	365,701	773,266
Prepaid expenses	462,366	63,830
Inventories	145,942	156,450
	2,697,012	2,999,479
Restricted Assets		
Cash and investments - Scholarships	380,842	383,515
Cash restricted for teachers' service awards	3,874	3,874
	384,716	387,389
Other Assets		
Deferred Service Awards (Note 5)	3,828,695	—
Fixed Assets (Note 6)		
School buildings	56,096,215	56,096,216
Interest in properties	16,135,801	14,421,084
Equipment and furnishings	13,063,171	12,268,199
School buses and maintenance vehicles	9,116,977	8,393,049
Assets under capital lease	137,151	137,151
	94,549,315	91,315,699
	$ 101,459,738	$ 94,702,567

LIABILITIES

	2002	2001
Current		
Cheques issued in excess of funds on deposit	$ 837,475	$ 2,057,198
Accounts payable and accrued liabilities	949,143	737,956
Deferred revenue	550,936	1,150,154
	2,337,554	3,945,308
Other liabilities		
Teachers' service awards, in trust	3,874	3,874
Teachers retraining fund	50,000	50,000
Service Awards	3,828,695	—
	3,882,569	53,874

EQUITY

	2002	2001
Reserves		
Scholarship trust fund reserve	380,842	383,515
Surplus (Deficit)	309,458	(995,829)
Investment in capital assets	94,549,315	91,315,699
	94,858,773	90,319,870
	$ 101,459,738	$ 94,702,567

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Accounts receivable:		
First Nation	$ 502,796	$ 194,195
Government of Canada (Note 2)	404,436	385,566
Province of Nova Scotia (Note 3)	815,771	1,426,172
Other	365,701	773,266
Prepaid expenses	462,366	63,830
Inventories	145,942	156,450
	2,697,012	2,999,479
Cash restricted for teachers' service awards	3,874	3,874
Other assets		
Deferred Service Awards (Note 5)	3,828,695	---
	$ 6,529,581	$ 3,003,353

LIABILITIES

	2002	2001
Current		
Cheques issued in excess of funds on deposit	$ 837,475	$ 2,057,198
Accounts payable and accrued liabilities	949,143	737,956
Deferred revenue	550,936	1,150,154
	2,337,554	3,945,308
Other Liabilities:		
Teachers' service awards, in trust	3,874	3,874
Teacher retraining fund	50,000	50,000
Service Awards	3,828,695	---
	3,882,569	53,874

EQUITY

	2002	2001
Surplus (Deficit)	309,458	(995,829)
	$ 6,529,581	$ 3,003,353

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Operations
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Revenue			
Province of Nova Scotia			
Formula funding (Schedule A)	$ 95,393,226	$ 96,461,212	$ 93,284,900
Other (Schedule A)	1,507,575	3,414,108	1,209,426
Transfer from reserve	---	---	500,000
	96,900,801	99,875,320	94,994,326
First Nation Tuition Revenue	643,000	717,260	699,905
Government of Canada (Schedule A)	188,590	181,783	210,696
Appropriation from Councils (Schedule A)	11,378,974	11,378,972	12,001,752
Board operations (Schedule A)	2,849,426	3,184,130	2,433,408
	111,960,791	115,337,465	110,340,087
Expenditures (Schedule B):			
Board management	2,695,439	2,798,793	2,687,609
School administration and instruction	85,815,730	85,846,152	85,760,294
Property service	10,703,886	10,487,976	10,592,426
Pupil transportation	4,871,697	4,992,776	4,995,234
Special education	4,775,788	4,645,383	4,875,475
Adult education	128,460	73,486	128,208
Summer school	6,200	5,856	9,348
Cafeteria	629,162	597,372	642,037
Adult day school	393,391	440,542	392,318
Capital equipment and repairs	935,209	3,071,964	1,243,520
Grant expenditure - Schedule C	---	630,381	---
Board of pupils	10,000	8,542	9,447
Accrued wage provision - non-teaching	---	432,955	---
Deficit of prior year	995,829	995,829	---
	111,960,791	115,028,007	111,335,916
Excess of revenue over expenditure	$ ---	$ 309,458	$ (995,829)

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Surplus
Year ended March 31, 2002

	2002	2001
Deficit, beginning of year	$ (995,829)	$ (308,000)
Deficit transferred to current operations	995,829	---
Deficit transferred to accounts receivable	---	308,000
	---	---
Excess of revenue over expenditure	309,458	(995,829)
Surplus (deficit), end of year	$ 309,458	$ (995,829)

Capital Fund Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Fixed assets (Note 6)		
School buildings, land	$ 56,096,215	$ 56,096,216
Interest in properties	16,135,801	14,421,084
Equipment and furnishings	13,063,171	12,268,199
School buses and maintenance vehicles	9,116,977	8,393,049
Assets under capital leases	137,151	137,151
	$ 94,549,315	$ 91,315,699

EQUITY

Investment in Capital Assets	$ 94,549,315	$ 91,315,699

Statement of Investment in Capital Assets
Year ended March 31, 2002

	2002	2001
Balance, beginning of year	$ 91,315,699	$ 89,927,553
Capital purchases funded from operations:		
Interest in properties	1,714,717	366,903
Equipment and furnishings	794,971	669,652
School buses and maintenance vehicles	1,404,746	738,545
	3,914,434	1,775,100
	95,230,133	91,702,653
Retirement of school buses and vehicles	(680,818)	(386,954)
Balance, end of year	$ 94,549,315	$ 91,315,699

See accompanying notes to financial statements.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Scholarship Trust Fund Balance sheet
March 31, 2002

	2002	2001
ASSETS		
Cash and investments	$ 380,842	$ 383,515

RESERVE FOR SCHOLARSHIPS

	2002	2001
Rossetti Scholarship	$ 163,791	$ 164,850
Townsend Scholarship	1,010	1,007
McDonagh Scholarship	5,121	5,064
Panagiotakos Scholarship	9,026	9,019
McQuarrie Scholarship	3,206	3,206
Annie Hall Scholarship	2,018	2,025
C.J.C.B. Scholarship	4,386	4,228
Daniel Munroe Scholarship	3,201	3,181
John D. MacLeod Scholarship	1,048	1,058
Annie Bell Grady Memorial	21,113	20,905
T.L. Sullivan Memorial	2,098	2,205
Mary Elizabeth Brennan Scholarship	2,405	2,414
William Hillchie Memorial	3,142	3,124
Isabel MacDermid Memorial	3,329	3,246
Wendell Coldwell Memorial	2,103	2,123
Jon David Corbett	3,147	3,200
Leonard Matheson	1,415	1,435
Ellen Dunn Balah	5,139	5,188
George MacKay Bursary	144,144	145,839
Dorothy Wilkins	—	198
	$ 380,842	$ 383,515

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Statement of Scholarship Trust Fund Reserve
Year ended March 31, 2002

	Rossetti	Townsend	McDonagh	Panagiotakos	McQuarrie	Annie Hall	CJCB	Munro
Balance, beginning of year	$ 164,850	$ 1,007	$ 5,064	$ 9,019	$ 3,206	$ 2,025	$ 4,228	$ 3,181
Interest earned	8,991	48	257	447	180	93	158	120
	173,841	1,055	5,321	9,466	3,386	2,118	4,386	3,301
Scholarship awarded	10,050	45	200	440	180	100	—	100
Balance, end of year	$ 163,791	$ 1,010	$ 5,121	$ 9,026	$ 3,206	$ 2,018	$ 4,386	$ 3,201

	MacLeod	Grady	Sullivan	Brennan	Hillchie	MacDermid	Coldwell
Balance, beginning of year	$ 1,058	$ 20,905	$ 2,205	$ 2,414	$ 3,124	$ 3,246	$ 2,123
Interest earned	40	808	93	91	118	183	80
	1,098	21,713	2,298	2,505	3,242	3,429	2,203
Scholarship awarded	50	600	200	100	100	100	100
Balance, end of year	$ 1,048	$ 21,113	$ 2,098	$ 2,405	$ 3,142	$ 3,329	$ 2,103

	Corbert	Matheson	Dunn Balah	MacKay	Wilkins	2002 Total	2001 Total
Balance, beginning of year	$ 3,200	$ 1,435	$ 5,188	$ 145,839	$ 198	$ 383,515	$ 382,637
Interest earned	122	55	201	7,005	3	19,093	22,963
	3,322	1,490	5,389	152,844	201	402,608	405,600
Scholarship awarded	175	75	250	8,700	201	21,766	22,085
Balance, end of year	$ 3,147	$ 1,415	$ 5,139	$ 144,144	$ —	$ 380,842	$ 383,515

See accompanying notes to financial statements.

The Cape Breton-Victoria Regional School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system serving the Cape Breton Regional Municipality and the Municipality of the County of Victoria.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(A) Financial Statement Presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(B) Revenue and Expenditures Recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt, which are recorded as an expense when paid. Fixed assets acquired with operating funds are recorded as an expenditure when incurred. Accruals for teachers' salaries at the beginning and end of a particular year are netted so that 195 days' salary is recorded as an expense.

(C) Fixed Assets:

Fixed assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The interest in school properties reflects only those capital expenditures made since the formation of the Cape Breton District School Board. Furniture and equipment purchased prior to January 1, 1982, have not been recorded in the capital fund. The School Board does not record depreciation on its fixed assets.

2. ACCOUNTS RECEIVABLE, GOVERNMENT OF CANADA

	2002	2001
Harmonized sales tax	$ 240,939	$ 173,899
Other	163,497	211,667
	$ 404,436	$ 385,566

3. ACCOUNTS RECEIVABLE, PROVINCE OF NOVA SCOTIA

	2002	2001
Special capital projects	$ ---	$ 90,000
Information Economy Initiative	---	428,133
P-3 transitional funding	---	100,000
Staff salary increase	544,893	---
Renovation South End Community Centre	120,000	---
Other	61,864	176,826
Library books/ Materials P-3 Schools/Boularderie	55,969	164,923
Gas tax rebate	33,045	---
Fuel rebate	---	399,100
Sherwood Park Technology Refresh	---	67,190
	$ 815,771	$ 1,426,172

4. EARLY RETIREMENT PLAN

During the 2000-2001 fiscal year, the Province of Nova Scotia assumed full responsibility for the Early Retriement plan (1994-1998).

5. DEFERRED SERVICE AWARDS

Beginning April 1, 2002, the Province of Nova Scotia is assuming responsibility for the payment of Service Awards pursuant to the two Cape Breton Victoria Local NSTU collective agreements and School Board policy. The Province has determined the actuarial liability for future service award payment to be recorded on the books of school boards at March 31, 2002.

6. FIXED ASSETS

On January 1, 1982, the Municipality of the County of Cape Breton, the City of Sydney and the Towns of Louisbourg, Dominion, New Waterford and Glace Bay formed the Cape Breton District School Board. Under the agreement, all land and school buildings on hand at December 31, 1981, remain assets of the municipal unit but will be under the operational control of the District School Board until such time as the Board no longer requires the assets for school purposes. At that time, control will revert back to the municipality.

In 1970 the former Northside Victoria District School Board acquired title to certain land and buildings from its supporting municipalities, which were to be offered back to the municipalities at no cost if they were ever declared surplus by the Board. With the amalgamation of the two Boards, the agreements with municipalities for land and school buildings remains unchanged.

As a result of improvements made to school buildings, the Cape Breton-Victoria Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a municipal unit sell a building returned to it by the Regional School Board under the circumstances noted above, a portion of the proceeds will be payable to the Regional School Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds, related to the improvements, will similarly be payable to the Regional School Board.

7. SALARY CONTINUATION PREMIUM

During the year, it has been determined that $308,110 of salary continuation premium, previously accrued, was not recoverable. Consequently, this amount has been offset against revenue for the year ended March 31, 2002. This determination was a result of litigation between the Nova Scotia School Boards Association and the Nova Scotia Teachers' Union Trustees over a matter involving the teacher Salary Continuation Insurance Program (SALCON).

8. DEFERRED TEACHERS' SALARIES

Under terms of the teachers' contract, the School Board withholds a portion of certain eligible teachers' salaries and deposits it with the Nova Scotia Teachers Credit Union. These amounts are subsequently withdrawn by the teachers in a year when they are on leave of absence. As at March 31, 2002, the Board had $725,585 ($896,820 at March 31, 2001) of such funds on deposit together with a corresponding liability to these teachers which amounts have not been included in these financial statements.

9. PENSION PLANS

The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers' Pension Act.

The Board's non-teaching staff are covered by a money-purchase pension plan.

10. INSURANCE

The Board is a member of the School Insurance Exchange, which provides all insurance coverage, except for fleet insurance, which is contracted to a private carrier.

11. RELATED PARTY TRANSACTIONS

These financial statements do not include certain expenditures paid on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments,
- P-3 school and facilities leases and operating costs, and
- Payments for the teachers' pension plans and medical premiums.

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule A - Supplementary Details of Revenue
Year ended March 31, 2002

	Budget	Actual
Province of Nova Scotia, formula funding:		
Unrestricted funding	$ 87,722,026	$ 88,790,012
Restricted funding:		
Special education	6,647,100	6,647,100
Textbook credit allocation	1,024,100	1,024,100
	$ 95,393,226	$ 96,461,212
Province of Nova Scotia, other funding:		
Capital technology	50,725	48,868
P3 transitional funding	133,000	177,948
Correctional program grant	34,700	35,981
Information economy initiative	56,484	390,978
Emergency capital	---	1,489,256
Funding assistance	1,053,890	1,054,000
Parish rentals	178,776	217,077
	$ 1,507,575	$ 3,414,108
First Nation Tuition Revenue	$ 643,000	$ 717,260
Government of Canada:		
Secretary of State:		
Minority language	47,000	34,417
French immersion	141,590	147,366
	$ 188,590	$ 181,783
Appropriation from Councils:		
Mandatory:		
Cape Breton Regional Municipality	10,159,292	10,159,292
County of Victoria	1,219,682	1,219,680
	$ 11,378,974	$ 11,378,972
Board operations:		
Insurance proceeds (deferred)	129,612	110,759
Cafeterias	649,562	620,632
Investment interest	150,000	154,446
Adult night school fees	70,000	32,850
Adult day school fees	135,000	153,250
Rentals (facilities and buses)	62,000	39,367
Vocational school revenues	19,000	17,534
P-3 property service charges	1,491,852	1,491,861
Tuition (over 21)	12,000	6,000
Grant Revenue, Re: special projects - Schedule C	66,000	614,724
Fuel Rebate Ashford	---	195,057
International Student	34,400	42,793
Other	30,000	12,967
Unrealized Revenue - Salary Continuation Premium (Note 7)	---	(308,110)
	$ 2,849,426	$ 3,184,130

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures
Year ended March 31, 2002

	Budget	Actual
Board management:		
Salaries, wages and employee benefits	1,876,294	1,880,127
Supplies and materials	106,662	112,963
Conference/In Service/Meetings	69,900	65,630
Fees and dues	81,758	84,516
Telephone	49,200	44,226
Travel	29,500	31,433
Legal fees	225,500	314,644
Contracts	128,900	102,228
Insurance	58,225	63,568
Other	69,500	99,458
	$ 2,695,439	$ 2,798,793
School administration and instruction:		
Salaries, wages and employee benefits	82,510,851	82,759,994
Supplies and materials	1,155,585	994,137
Professional development	340,000	340,000
Telephone	388,840	374,532
Travel	161,500	158,511
Other	187,854	158,848
French minority	47,000	36,030
Textbook allocation	1,024,100	1,024,100
	$ 85,815,730	$ 85,846,152
Property service:		
Salaries, wages and employee benefits	5,155,809	4,846,524
Supplies and materials	744,000	947,912
Utilities and Fuel	3,695,236	3,357,420
Meterage/In Service/Conference/Seminars	25,500	24,118
Vehicle operation	65,500	69,306
Insurance	315,624	315,624
Contracted services	487,000	668,035
Rental of facilities	215,217	259,037
	$ 10,703,886	$ 10,487,976

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures (continued)
Year ended March 31, 2002

	Budget	Actual
Pupil transportation:		
Salaries, wages and employee benefits	3,214,727	3,285,917
Vehicle operation	1,134,548	1,206,372
Vehicle registration	73,000	76,157
Insurance	53,422	58,159
Garage operation	93,000	96,775
Meterage/In Service/Conference/Seminars	10,000	17,594
Contract conveyance	265,000	222,604
Transit subsidy	7,000	3,219
Other	21,000	25,979
	$ 4,871,697	$ 4,992,776
Special education:		
Salaries, wages and employee benefits	4,706,058	4,594,016
Supplies and materials	67,730	49,124
Fees and contracts	2,000	2,243
	$ 4,775,788	$ 4,645,383
Adult education:		
Salaries, wages and employee benefits	119,960	67,557
Supplies and materials	8,500	5,929
	$ 128,460	$ 73,486
Summer school:		
Salaries, wages and employee benefits	4,900	5,000
Supplies and materials	1,300	856
	$ 6,200	$ 5,856
School cafeterias and lunchrooms:		
Salaries, wages and employee benefits	252,600	240,864
Supplies and materials	376,562	356,508
	$ 629,162	$ 597,372

Schedule B - Supplementary Details of Expenditures (continued)
Year ended March 31, 2002

	Budget	Actual
Adult day school:		
Salaries, wages and employee benefits	349,526	393,406
Supplies and materials	7,080	8,091
Rentals	33,000	36,389
Telephone	3,785	2,656
	$ 393,391	$ 440,542

	Budget	Actual
Capital equipment and repairs:		
Property service - special (repairs)	---	1,489,250
- regular (repairs)	420,000	597,907
School equipment	100,000	194,730
Information Economy Initiative	56,484	390,978
P-3 Technology Refresh	133,000	173,732
Board technology initiative	225,725	225,367
	$ 935,209	$ 3,071,964

CAPE BRETON-VICTORIA REGIONAL SCHOOL BOARD

Schedule C - Supplementary Details of Net Grant Costs
Year ended March 31, 2002

From time to time, the Board receives funding for specific expenditure purposes. The Board accounts for such funding on a net expenditure basis so as not to distort the comparison of its actual expenditures within the context of their budgetary framework. A summary of the total funding and related expenditures for the year is presented below:

Program	**Revenue**	**Expenditure**	**Net Cost**
Child youth services	$ 248,203	$ 248,203	$ ---
Anti-racism	3,326	3,326	---
Special Ed	11,230	11,230	---
Reading recovery	18,568	18,568	---
At risk - African Canadians	8,294	9,848	1,554
Breakfast program	81,490	81,490	---
Conservatory of music	5,975	5,975	---
Cornwallis & Cusack	2,468	2,468	---
Mountainview	3,231	3,231	---
English as second language	2,370	2,370	---
Heritage	6,992	6,992	---
Page Master	387	1,667	1,280
Grassroots	59,810	59,810	---
Summer Breakfast	3,000	4,608	1,608
N.S. International Students	93,171	93,171	---
4 Plus	28,668	28,668	---
Southside Learning	5,000	5,000	---
Baddeck - J.H.N.W.	926	926	---
George D. Lewis	3,121	3,121	---
Morrision	1,098	1,098	---
St. Mikes	2,143	2,143	---
Sydney Mines	2,717	2,717	---
SPEC	4,132	4,132	---
Thompson	1,577	1,577	---
Rankin	2,007	2,007	---
Malcolm Munroe	2,010	2,010	---
MacLennan	1,594	1,594	---
MacDonald Complex	2,530	2,530	---
Dr. T.L. Sullivan	926	926	---
Donkin	2,275	2,275	---
Breton Education Ctr.	1,169	1,169	---
Whitney Pier Memorial	1,290	1,290	---
Bridgeport	1,519	1,519	---
Cabot	1,507	1,507	---
Worker's Compensation	---	11,215	11,215
	$ 614,724	$ 630,381	$ 15,657

AUDITORS' REPORT

To the Board of Directors of
Capital District Health Authority

We have audited the statement of financial position - operating and capital funds of the Capital District Health Authority ("Capital Health") as at March 31, 2002 and the statements of fund balances, revenues and expenditures - operating fund, and cash flow for the year then ended. These financial statements are the responsibility of the Capital Health's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards . Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by mangement, as as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Capital District Health as at March 31, 2002 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ERNST & YOUNG LLP
Chartered Accountants

Halifax, Canada
May 17, 2002

CAPITAL DISTRICT HEALTH AUTHORITY
(operating as Capital Health)

Statement of Financial Position - Operating and Capital Funds
as at March 31, 2002

	Operating Fund	Capital Fund	Total 2002	Total 2001
		(in thousands)		
ASSETS				
Current				
Cash & short term investments	$ 35,268	$ —	$ 35,268	$ 40,919
Accounts receivable	29,318	—	29,318	23,286
Due from Department of Health	21,469	—	21,469	25,431
Due from Department of Finance	1,258	—	1,258	4,131
Due from Foundations	893	—	893	225
Due (to) from other fund	(8,322)	8,322	—	—
Inventories (note 3)	5,584	—	5,584	4,367
Prepaid expenses	1,841	—	1,841	2,059
Due from Provincial Drug Distribution Program	265	—	265	—
	87,574	8,322	95,896	100,418
Other receivables	2,759	—	2,759	2,674
Due from Department of Finance	29,598		29,598	26,703
Restricted cash and short-term investments (notes 2 and 6)	16,884	—	16,884	15,422
	136,815	8,322	145,137	145,217
Capital assets (note 4)	—	229,754	229,754	233,076
	$ 136,815	$ 238,076	$ 374,891	$ 378,293
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$ 74,101	$ —	$ 74,101	$ 67,254
Deferred revenue (note 5)	16,802	8,322	25,124	32,493
Due to Provincial Drug Distribution Program	—	—	—	3,406
	90,903	8,322	99,225	103,153
Restricted liabilities (notes 2 and 6)	16,884	—	16,884	15,422
	107,787	8,322	116,109	118,575
Employee future benefits (notes 2 and 7)	29,017	—	29,017	26,631
	136,804	8,322	145,126	145,206
FUND BALANCE				
Operating surplus	11	—	11	11
Investment in capital assets	—	229,754	229,754	233,076
	11	229,754	229,765	233,087
	$ 136,815	$ 238,076	$ 374,891	$ 378,293

Contingencies and commitments (notes 8, 9, 10 and 11)

See accompanying notes

CAPITAL DISTRICT HEALTH AUTHORITY
(operating as Capital Health)

Statement of Fund Balances
Year ended March 31, 2002

OPERATING FUND

	2002	2001
	(in thousands)	
Balance, beginning of year	$ 11	$ 231
Net revenues under expenditures	—	(180)
	11	51
Transfer equity to capital fund	—	40
Balance, end of year	$ 11	$ 11

INVESTMENT IN CAPITAL ASSETS

	2002	2001
Capital Funding, beginning of year	$ 378,208	$ 370,476
Transfer Home Support central	—	112
Capital funding for the year (Schedule C)	22,051	7,620
	400,259	378,208
Accumulated amortization of capital funding, beginning of year	(145,132)	(119,217)
Transfer Home Support central	—	(40)
Amortization of capital funding for the year	(25,373)	(25,875)
Accumulated amortization of capital funding, end of year	(170,505)	(145,132)
Balance, end of year	$ 229,754	$ 233,076

See accompanying notes

CAPITAL DISTRICT HEALTH AUTHORITY
(operating as Capital Health)

Statement of Revenues and Expenditures
Operating Fund
Year ended March 31, 2002

	2002	2001
	(in thousands)	
Operating		
Revenues (Schedule A)	$ 510,388	$ 468,400
Expenditures (Schedule B)	517,094	484,599
Results from operating activities	(6,706)	(16,199)
Research		
Revenues	14,178	13,088
Expenditures	12,716	11,811
	1,462	1,277
Opening balance	15,422	14,145
Ending funds available for research	16,884	15,422
Funds committed to future periods	16,884	15,422
Results from research activities	—	—
Net revenues under expenditures before deficit funding	(6,706)	(16,199)
Operating deficit funding received from Department of Health	6,706	16,019
Net revenues under expenditures	$ —	$ (180)

See accompanying notes

CAPITAL DISTRICT HEALTH AUTHORITY
(operating as Capital Health)

Statement of Cash Flow
Year ended March 31, 2002

	2002	2001
	(in thousands)	
OPERATING ACTIVITIES		
Net revenues under expenditures - operating fund	$ (6,706)	$ (16,199)
Items not requiring cash		
Depreciation	25,373	25,875
Amortization of capital funding	(25,373)	(25,875)
Changes in non-cash working capital items	(8,037)	(1,899)
Cash used in operating activities	(14,743)	(18,098)
FINANCING ACTIVITIES		
Operating deficit funding from Department of Health	6,706	16,019
Transfer of equity to capital fund	—	(40)
Capital funding (Schedule C)	22,051	7,620
Addition of Home Support net capital funding	—	72
Employee future benefits	2,386	3,818
Restricted funding	1,462	1,277
Cash provided by financing activities	32,605	28,766
INVESTING ACTIVITIES		
Capital assets acquired (Schedule C)	(22,051)	(7,277)
Cash used in investing activities	(22,051)	(7,277)
Net (decrease) increase in cash during the year	(4,189)	3,391
Cash position, beginning of year	56,341	52,950
Cash position, end of year	52,152	56,341
Cash position, end of year is comprised as follows:		
Cash	35,268	40,919
Restricted cash and short-term investments	16,884	15,422
	$ 52,152	$ 56,341

See accompanying notes

Notes to Combined Financial Statements
March 31, 2002

1. Nature of the Organization

Effective January 1, 2001 Bill 34 of the Province of Nova Scotia created the Capital District Health Authority "Capital Health". Capital Health includes the QE11 Health Sciences Centre, Nova Scotia Hospital and the former Central Regional Health Board.

Capital Health is a non profit entity and, as such, is exempt from income tax.

2. Significant Accounting Policies

Fund Accounting

Capital Health maintains its financial statements on a fund accounting basis. Separate funds have been established to distinguish operating activities from capital activties.

The operating fund contains the non-capital operating assets, liabilities, revenues and expenditures of Capital Health related to the provision of hospital services.

The capital fund contains the capital assets, net of accumulated depreciation and related capital funding, net of accumulated amortization.

Investments

Investments are stated at cost.

Inventories

Inventories are stated at cost, being the lower of cost and replacement costs.

Capital Assets

Capital Assets are recorded at cost and depreciated at the following annual rates:

Halifax Infirmary building	50 years straight-line
Other buildings and additions	20 - 50 years straight-line
Equipment	10 years straight-line
Leasehold improvements	10 years straight-line
Information technology	5 years straight-line
Parking	5 years straight-line
Paving	5 years straight-line

Restricted cash and short-term investments and restricted liabilities

Restricted cash and short-term investments are designated for restricted purposes by independent funders, by regulation, or by resolution of Capital Health's Board of Directors. The corresponding restricted liability represents the unexpended fund balance.

Capital contributions

Capital contributions are recorded as capital funding and amortized to income using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in the investment in capital.

Employee Future Benefits Plans

As at March 31, 2002, Capital Health retroactively adopted the method of accounting for employee future benefits required by The Canadian Institute of Chartered Accountants' recommendations in Section 3461, Employee Future Benefits. The Province of Nova Scotia is funding the liability and additional expenses incurred by Capital Health in association with adoption of Section 3461. The main components of this accounting policy are as follows:

- Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits.

- A liability for employee future benefits of $29,017,000 has been included in the financial statements in the current year. The liability has been assumed by the Province of Nova Scotia so an offset of the same amount has been recorded as a receivable from the Department of Finance. The current year's net expense incurred for future employee benefits is $3,506,000.

3. Inventories

	2002	2001
		(in thousands)
Drugs	$ 3,511	$ 2,704
General supplies	1,746	1,414
Medical Surgical	327	249
	$ 5,584	$ 4,367

4. Capital Assets

	2002		2001	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
				(in thousands)
Land	$ 324	$ —	$ 324	$ —
Land Improvements	692	135	692	129
Halifax Infirmary building	110,023	12,066	110,023	9,865
Buildings and additions	74,640	33,093	74,641	31,596
Equipment	165,445	113,105	157,709	101,518
Leasehold improvements	54,129	20,498	42,304	15,622
Information technology	32,045	28,754	28,347	22,406
Parking	20	7	20	5
Paving	313	219	313	156
	437,631	207,877	414,373	181,297
Less: accumulated depreciation	207,877		181,297	
	$ 229,754		$ 233,076	

5. Deferred Revenue

Deferred revenue in the operating fund of $16,802,000 represents advance funding received from the Department of Health for the 2002/03 fiscal year. Deferred revenue in the capital fund of $8,322,000 represents advance funding for capital equipment to be purchased subsequent to March 31, 2002.

6. Restricted Cash and Short-term Investments and Restricted Liabilities

These assets and liabilities represent funds, the use of which is restricted by various conditions as described in note 2. For the fiscal year 2001/2002, research revenue totaled $14,178,000 and research expenses totaled $12,716,000, resulting in a net increase of $1,462,000.

	2002	2001
		(in thousands)
Centre for Clinical Research	$ 14,877	$ 13,669
Other	2,007	1,753
	$ 16,884	$ 15,422

7. Employee Future Benefits

Capital Health has provided for retirement allowances and life insurance as follows:

	2002	2001 (in thousands)
Accrued benefit liability		
Beginning balance, retiring allowances	$ 26,151	$ 22,813
Current service cost for the year	1,791	1,725
Interest cost during the year	1,716	1,672
Amortization of experience loss	—	76
Estimated fiscal payments for employees	(1,121)	(135)
Ending balance, retiring allowances	28,537	26,151
Life insurance benefits	480	480
Ending balance, accrued benefit liability	$ 29,017	$ 26,631
Employee future benefits expense		
Current service costs	$ 1,790	$ 1,725
Interest on accrued benefits	1,716	1,672
Amortization of experience loss	—	76
Estimated fiscal payments for NSH employees	—	(135)
Life insurance benefits	—	480
	$ 3,506	$ 3,818

The significant actuarial assumptions adopted in mesuring the company's employee future benefits are as follows (weighted-average assumptions) as at March 31, 2002:

	Retirement Allowance	Life Insurance
Discount rate	7.05%	7.5%
Retirement % at age 65	—	50.0%
Average age of employees	42.3	—
Average age of services	12.2	—
Future mortallity rate	—	20.0%
Rate of compensation increase	3.65%	—

8. Pension Funds

Public Service Superannuation Fund

Most former employees of the Victoria General Hospital ("VGH"), Cancer Treatment and Research Foundation ("CTRF"), Nova Scotia Hospital ("NSH"), Public Health and Drug Dependency of the Central Regional Health Board belong to the Public Service Superannuation Fund ("the Plan"). The Plan is funded equally by employee and employer contributions. The employer's contributions are included in Capital Health's operating expenses. The Nova Scotia Government Department of Finance administers the Plan.. Capital Health is not responsible for any unfunded liability in this plan.

Nova Scotia Association of Health Organizations

Employees of the former Nova Scotia Rehabilitation Centre ("NSRC") and Camp Hill Medical Centre ("CHMC") and the Central Regional Health Board ("CRHB") participate in the multi-employer pension plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 2000 and showed a funding excess for the entire plan of over $107,000,000.

Federal Superannuation Fund

Small group of employees of the former Camp Hill Medical Centre ("CHMC") who were on staff when Camp Hill Hospital transferred from Federal to Provincial jurisdiction on May 29, 1978 and opted to continue in this pension plan. The Plan is funded by employee and employer contributions. The employer's contributions are included in Capital Health's operating expenses. The Public Works and Government Services Canada administer the pension plan. Capital Health is not responsible for any unfunded liability in this plan.

Total employer contributions to the above mentioned plans is as follows:

	2002	2001 (in thousands)
Employer contributions	$ 14,436	$ 12,427

9. Long-term disability plan

Public Service Long Term Disability Plan Trust Fund

Employees of the former VGH, CTRF, NSH and Public Health/Drug Dependency from the Central Regional Health Board are members of this plan which is funded equally by employee and employer contributions. The employer's contributions are included in Capital Health's operating expenses. The Plan is currently administered by the Province of Nova Scotia and NSGEU. The most recent actuarial valuation was conducted as at March 31, 2001 and disclosed an unfunded liability of approximately $46,300,000.

Nova Scotia Association of Health Organizations

Employees of the former CHMC, QEII and the former CRHB are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in Capital Health's operating expenses. The Nova Scotia Association of Health Organizations administers this long-term disability plan. The most recent actuarial valuation was completed as of December 31, 1999 and disclosed an unfunded liability of approximately $240,000.

Canada Life Plan

Employees of the former NS Rehabilitation Centre are members of this plan, which is funded equally by employee and employer contributions. The employer's contributions are included in Capital Health's operating expenses. The plan is currently administered by Canada Life.

10. Lease commitments

Capital Health is committed to the following annual lease payments in each of the next five fiscal years ended March 31 (in thousands):

2003	$	3,447
2004		4,000
2005		4,482
2006		4,409
2007		3,822

11. Contingency

Capital Health is disputing amounts claimed by a consulting firm to the QEII as a result of a re-engineering project. The outcome of this dispute is not determinable at this time and no amount has been recorded in the financial statements as at March 31, 2002. The costs of settlement of this matter, if any, will be recorded in the year of resolution.

12. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Schedule A

CAPITAL DISTRICT HEALTH AUTHORITY
(operating as Capital Health)

Schedule of Revenues
Operating Fund
Year ended March 31, 2002

	Operating	Provincial Funded Programs	2002 Total	2001 Total (in thousands)
Department of Health	$ 387,187	$ 61,938	$ 449,125	$ 404,163
Amortization of capital funding	25,373	—	25,373	25,875
Federal Government	16,552	—	16,552	17,416
Other	8,296	380	8,676	8,984
Preferred accommodation	7,342	—	7,342	7,655
Non resident billings	7,338	56	7,394	7,544
Dietary	5,171	—	5,171	5,098
Lab and support services	4,098	—	4,098	5,495
Medical education	—	5,287	5,287	5,391
Provincial grants	3,506	—	3,506	3,336
Workers Compensation Board	3,237	—	3,237	3,318
Gross revenues	468,100	67,661	535,761	494,275
Less: Amortization of capital funding	25,373	—	25,373	25,875
Net revenues	$ 442,727	$ 67,661	$ 510,388	$ 468,400

Schedule B

Schedule of Expenditures
Operating Fund
Year ended March 31, 2002

	Operating	Provincial Funded Research	2002 Total	2001 Total (in thousands)
Compensation	$ 319,378	$ 52,682	$ 372,060	$ 345,195
Supplies	34,501	3,994	38,495	35,103
Plant maintenance/utilities	28,774	988	29,762	30,003
Depreciation	25,373	—	25,373	25,875
Drugs	19,263	833	20,096	19,528
Other	13,874	3,802	17,676	17,314
Purchased services	11,942	3,324	15,266	14,363
Lab/diagnostic supplies	9,874	88	9,962	8,221
Fees	8,321	1,950	10,271	11,054
Retirement allowance	3,506	—	3,506	3,818
Gross expenditures	$ 474,806	67,661	542,467	510,474
Less: Depreciation	25,373	—	25,373	25,875
Net expenditures	$ 449,433	$ 67,661	$ 517,094	$ 484,599

CAPITAL DISTRICT HEALTH AUTHORITY
(operating as Capital Health)

Schedule of Changes in Capital
Year ended March 31, 2002

	2002	2001
	(in thousands)	
Capital Funding		
Department of Health	$ 10,378	$ 6,897
Other	8,716	—
Foundations	2,957	723
	$ 22,051	$ 7,620

	2002	2001
Capital Expenditures		
Leasehold Improvements	$ 11,825	$ 2,093
Equipment	7,736	3,860
Information technology	2,490	1,208
Buildings	—	116
	$ 22,051	$ 7,277

CHECK INNS LIMITED

The following statements for Check Inns Limited are unaudited.

CHECK INNS LIMITED

Balance Sheet
year ended March 31, 2002

	2002	2001
ASSETS		
Expenses	$ —	$ —
LIABILITIES		
Current		
Payables and Accruals		
Department of Tourism and Culture	$ 89,907	$ 89,907
SHAREHOLDER'S EQUITY		
Capital Stock		
Authorized		
5,000 common shares with par value of $1 each		
Issued		
3 common shares	3	3
Retained earnings	(89,910)	(89,910)
	(89,907)	(89,907)
	$ —	$ —

Statement of Loss and Retained Earnings
year ended March 31, 2002

	2002	2001
Expenses	$ —	$ —
Retained earnings, beginning of year	$ (89,910)	$ (89,910)
Net loss	—	—
Retained earnings, end of year	$ (89,910)	$ (89,910)

AUDITORS' REPORT

To the Chairperson and Members
of the Board

We have audited the balance sheets of Chignecto-Central Regional School Board as at March 31, 2002 and the statements of operations, surplus, investment in capital assets and continuity of reserves for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations for the year then ended in accordance with generally accepted accounting principles established for school boards in the Province of Nova Scotia.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP
Chartered Accountants

Halifax, Canada
July 5, 2002

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2002

ASSETS

	2002	2001 (Restated Note 4)
Current assets:		
Cash	$ 9,395	$ 4,900,742
Accounts receivable:		
Government of Canada (note 2)	2,492,442	1,217,674
Province of Nova Scotia (note 3)	3,027,473	1,598,347
Municipalities	91,677	—
Other	449,443	660,868
Prepaid expenses	397,159	69,258
	6,467,589	8,446,889
Other assets:		
Province of Nova Scotia-Service Awards (note 4)	15,813,000	14,989,000
Restricted cash and investments	4,902,105	1,421,410
	20,715,105	16,410,410
Capital assets (note 5):		
School buildings and land	83,024,541	82,053,492
Equipment and furnishings	34,053,139	32,681,785
School buses and maintenance vehicles	11,558,551	10,943,441
	128,636,231	125,678,718
	$ 155,818,925	$ 150,536,017

LIABILITIES AND EQUITY

	2002	2001
Current liabilities:		
Bank indebtedness	$ 447,839	$ —
Accounts payable and accrued liabilities	5,220,336	7,585,922
Deferred revenue	696,947	759,658
	6,365,122	8,345,580
Other liabilities:		
Service awards (note 4)	15,813,000	14,989,000
	15,813,000	14,989,000
Equity:		
Reserves	4,902,106	1,422,478
Investment in capital assets	128,697,261	125,739,748
Surplus - non-restricted	41,437	40,279
	133,640,804	127,202,505
	$ 155,818,926	$ 150,537,085

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2002

ASSETS

	2002	2001 (Restated Note 4)
Current assets:		
Cash	$ 9,395	$ 4,900,742
Accounts receivable:		
Government of Canada (note 2)	2,492,442	1,217,674
Province of Nova Scotia (note 3)	3,027,473	1,598,347
Municipalities	91,677	—
Other	449,443	660,868
Prepaid expenses	397,159	69,258
	6,467,589	8,446,889
Other assets:		
Accounts receivable, Province of Nova Scotia Service awards (note 4)	15,813,000	14,989,000
Restricted cash and investments	4,856,564	1,377,867
	20,669,564	16,366,867
	$ 27,137,153	$ 24,813,756

LIABILITIES AND EQUITY

	2002	2001
Current liabilities:		
Bank indebtedness	$ 447,839	$ —
Accounts payable and accrued liabilities	5,220,336	7,585,922
Deferred revenue	696,947	759,658
Due to own funds	4,917,594	1,438,897
	11,282,716	9,784,477
Other liabilities:		
Service award liability (note 4)	15,813,000	14,989,000
Equity:		
Surplus - non-restricted	41,437	40,279
	41,437	40,279
	$ 27,137,153	$ 24,813,756

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Statement of Operations
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual (Restated Note 4)
Revenue (schedule A):			
Province of Nova Scotia	$ 111,489,515	$ 117,497,661	$ 112,170,038
Government of Canada	2,145,958	2,770,106	2,414,883
Appropriation from Councils	19,264,656	19,264,623	18,587,294
Board Operations	3,026,347	3,587,746	3,381,127
Transfer from reserves	500,000	73,370	—
	136,426,476	143,193,506	136,553,342
Expenditures (schedule B):			
Regional services	3,558,059	3,685,947	3,311,805
Instructional services	94,963,544	94,948,439	92,474,833
Property service	14,181,450	14,875,554	14,494,595
Pupil transportation	8,035,644	7,675,631	7,429,278
Special education	12,956,404	13,842,967	12,596,553
Adult education	614,139	638,962	602,041
Summer school	98,500	87,580	92,528
Cafeteria	1,168,736	1,208,032	1,240,095
Capital equipment, repairs and renovations	850,000	2,192,222	4,083,300
Bad debt expense	—	486,014	—
Transfer to reserve for Instructional Program Enhancement	—	—	213,977
Transfer to reserve for future operations	—	3,551,000	—
	136,426,476	143,192,348	136,539,005
Excess of revenue over expenditures	$ —	$ 1,158	$ 14,337

Statement of Surplus
Year ended March 31, 2002

	2002	2001
Surplus, beginning of year	$ 40,279	$ 25,942
Excess of revenue over expenditures	1,158	14,337
Surplus, end of year	$ 41,437	$ 40,279

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
March 31, 2002

ASSETS

		2002		2001
Due from own funds	$	61,030	$	61,030
Capital assets (note 5):				
School buildings and land		83,024,541		82,053,492
Equipment and furnishings		34,053,139		32,681,785
School buses and maintenance vehicles		11,558,551		10,943,441
	$	128,697,261	$	125,739,748

EQUITY

		2002		2001
Investment in capital assets		128,697,261		125,739,748
	$	128,697,261	$	125,739,748

Statement of Investment in Capital Assets
Year ended March 31, 2002

		2002		2001
Balance, beginning of year	$	125,739,748	$	121,486,297
Capital asset purchases funded from operations:				
School buildings and land		971,049		2,219,264
Equipment and furnishings		1,188,418		759,952
School buses and maintenance vehicles		32,755		1,104,084
School buses purchased by Province		1,025,280		—
Donated capital assets:				
School buildings		—		160,099
Equipment and furnishings		263,632		370,462
		3,481,134		4,613,861
Retirement of capital assets:				
School buses and maintenance vehicles		(523,621)		(360,410)
Balance, end of year	$	128,697,261	$	125,739,748

See accompanying notes to financial statements.

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Reserve Fund Balance Sheet
March 31, 2002

		2002		2001
ASSETS				
Cash and investments	$	45,542	$	43,543
Due from own funds		4,856,564		1,378,935
	$	4,902,106	$	1,422,478
RESERVES				
Reserve for Instructional Program Enhancement	$	779,105	$	852,475
Reserve for School Advisory Councils		18,633		18,633
Reserve for future operations		4,051,000		500,000
Special Capital Reserve		13,692		13,499
Capital Reserve		39,676		37,871
	$	4,902,106	$	1,422,478

Statement of Continuity of Reserves
Year ended March 31, 2002

		2002		2001
Balance, beginning of year	$	1,422,478	$	1,206,488
Interest earned		1,998		2,013
		1,424,476		1,208,501
Transfer from (to) current operations:				
Instructional Program Enhancement		(73,370)		213,977
Future operations		3,551,000		—
Balance, end of year	$	4,902,106	$	1,422,478

Notes to Financial Statements
Year ended March 31, 2002

Pursuant to an Act passed by the Province of Nova Scotia, the Colchester-East Hants District School Board, Cumberland District School Board, and the Pictou District School Board were amalgamated to form the Chignecto-Central Regional School Board. The Regional School Board is incorporated under the provisions of the Education Act of the Province of Nova Scotia and its principal business activity is operating a regional school system.

1. Significant accounting policies:

Basis of accounting:

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

(a) Financial statement presentation:

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

(b) Revenue and expenditures recognition:

Revenue and expenditures are recorded using the modified accrual basis of accounting. Major revenues and expenditures are recorded on the accrual basis except for principal and interest payments relating to term debt which are recorded as an expense when paid. Capital assets acquired with operating funds are recorded as an expenditure when incurred. Teachers' salaries are recorded on a cash basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

(c) Capital assets:

Capital assets are recorded at cost. Funds received through capital assistance programs are treated as additions to the investment in capital assets. The School Board does not record depreciation on its capital assets. Effective April 1, 2002, the Province of Nova Scotia no longer provided funding to Boards for purchases of school buses, assuming fully the responsibility and cost of purchasing. School buses purchased under this program are treated as additions to the capital assets and additions to the investment in capital assets.

(d) Basis of consolidation:

The consolidated balance sheet has been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook. Trust funds are not included in the consolidation (see note 8) and interfund balances have been eliminated.

2. Accounts receivable, Government of Canada:

	2002	2001
Band Councils	$ 1,658,076	$ 697,509
Harmonized Sales Tax	785,804	495,767
Other	48,562	24,398
	$ 2,492,442	$ 1,217,674

3. Accounts receivable, Province of Nova Scotia:

	2002	2001
French special projects	$ 481,036	$ 249,831
Information Economy Initiative	312,486	18,037
Fuel subsidy	—	440,800
Retroactive wages	652,511	—
Special capital projects	986,000	—
Technology Refresh	308,115	221,945
Other	287,325	667,734
	$ 3,027,473	$ 1,598,347

4. Service Award Program:

Teachers receive a service award upon retirement, disability, death or termination, when entitled to a vested pension, under the contracts between the Nova Scotia Teachers Union locals and the predecessor boards. The contracts prescribe the formulae used in calculating the payment as well as the period over which the payment is to be made.

During the year ended March 31, 2002 the Board paid $904,731 (2001 - $266,592) in service awards to retiring teachers.

The Province of Nova Scotia is assuming responsibility for the payment of service awards for all qualifying school board employees effective April 1, 2002. As a result, school boards are required to make certain entries on their financial statements for the year ending March 31, 2002, to record the value of projected liabilities, as well as a corresponding receivable from the Province of Nova Scotia. These entries have been determined by the Nova Scotia Department of Finance pursuant to an independent actuarial evaluation performed for them. This evaluation calculated the present value of the service awards payable for past services for the Chignecto-Central Regional School Board to be $15,813,000 as of March 31, 2002. Beginning in 2003, school boards will be required to expense 1% of payroll to the Province of Nova Scotia as a contribution towards these costs.

This change in accounting policy has been applied retroactively. Accordingly, a liability for service awards of $14,989,000 has now been recorded on the balance sheet as at March 31, 2001 along with an equal and offsetting receivable from the Province of Nova Scotia. In addition, Province of Nova Scotia revenue has been increased by $1,450,000, service awards expense increased by $544,000 and service award interest expense increased by $906,000 from the amounts previously reported for fiscal 2001. These adjustments had a net impact of $nil on excess of revenue over expenditures for fiscal 2001.

5. Capital assets:

In 1982, on creation of the former District School Boards, an agreement was made with respect to capital assets which stated that all land and school buildings on hand at December 31, 1981 remain assets of the municipal units but will be under the operational control of the District School Boards until such time as the School Boards no longer require the assets for school purposes. At that time, control will revert back to the municipalities. In addition, one of the former District School Boards also had an agreement to offer back to the municipalities, at no cost, certain land and buildings acquired in 1970 if they are ever declared surplus by the Board. These agreements have been carried forward to the Regional School Board.

As a result of improvements made to school buildings, the Chignecto-Central Regional School Board now has an interest in real property to which it does not have title. Under the Education Act, should a building returned by the Regional School Board under the circumstances noted above, be sold by the Municipal unit or destroyed, a portion of any proceeds will be payable to the Regional School Board.

6. **Insurance:**

The Board is a member of a self insurance plan with the Nova Scotia School Board Association.

7. **Pension plans:**

The Regional School Board's Canadian Union of Public Employees (CUPE) staff participate in a defined benefit pension plan held on behalf of the Regional School Board by the Nova Scotia School Boards Association. The latest actuarial valuation was performed on December 31, 1999 and indicated accrued pension benefits of $2,882,300 and pension fund assets with market values of $3,202,900.

The Regional School Board's Nova Scotia Government Employees Union (NSGEU) and non-union staff are covered by a pension plan established by the Province of Nova Scotia pursuant to the Public Service Superannuation Act.

The Regional School Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act.

8. **Prior year encumbrances:**

In prior year, accounts payable totalling approximately $2,000,000 were inappropriately accrued at March 31, 2001 based on commitments considered to be outstanding at that time and were expensed as capital, equipment, repairs and renovations. These accruals were reversed against the same accounts in the current year and the related funding was spent on similar items. In accordance with generally accepted accounting principles established for school boards in the Province of Nova Scotia, these adjustments to the expenditures have been reflected in the current year.

9. **Trust funds (schedules C and D):**

The following are trust fund balances as at March 31:

	2002	2001
ARHS Prize	$ 1,805	$ 1,905
Biggs	21,160	21,386
Blaikie	2,355	2,805
Brine	1,180	1,153
Campbell	1,217	1,207
Chignecto Family	7,833	7,259
Christie	14,140	14,049
Class of Fifty	1,465	1,465
Cole	2,137	2,157
Coleman	—	230
Decker	6,242	6,349
Dempsey	191	111
Devenne	5,093	4,852
Dowe	712	714
Dunbar	3,010	3,000
Eaton	1,352	1,988
Edwards	3,319	2,962
Fields	1,735	1,733
Fulmer	16,947	16,322
Gosse	2,721	2,589
Harrison	5,109	5,131
Hewson	24,055	23,938
Hunter	43,000	45,000
Balance carry-forward	166,778	168,305

	2002	2001
Balance carried forward	$ 166,778	$ 168,305
Kirkpatrick	745	1,103
LaFarge	10,000	9,625
Loggie	12,000	—
MacInnes	2,000	2,000
MacKenzie	11,998	12,016
McBrien	5,527	5,510
MacIver	6,063	6,019
McIver	1,581	1,517
Milner	2,055	—
Parker	2,763	2,627
Parrsboro Prize	1,010	1,011
Puglsey	78,841	78,829
Red Cross	3,044	3,262
Roach	1,175	1,132
Smith	1,542	1,538
Sorge	5,468	5,472
Stay-in-School	13,988	13,962
Taylor	10,000	—
Thompson	13,399	—
Tingley	13,278	13,154
Tye	34,101	31,385
Wilkes	5,620	5,520
	$ 402,976	$ 363,987

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule A - Supplementary Details of Revenue
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual (Restated note 4)
Province of Nova Scotia:			
General formula	$ 102,249,000	$ 102,249,000	$ 99,533,301
Special education	7,638,800	7,638,800	7,078,400
Textbook credit allocation	1,292,900	1,208,000	1,297,200
Severe Learning Disabilities	225,100	225,100	225,100
Recovery of retroactive salary increases	—	1,505,865	—
Capital transportation	—	—	1,014,800
Special capital grants	—	1,972,000	—
French special projects	83,715	104,124	81,188
Service awards funding (note 4)	—	824,000	1,450,000
Information Economy Initiative	—	658,067	451,830
Special one time funding	—	426,000	—
Other	—	686,705	1,038,219
	$ 111,489,515	$ 117,497,661	$ 112,170,038
Government of Canada:			
Indian and Northern Affairs Canada	$ 1,800,000	$ 2,320,528	$ 2,021,877
Secretary of State:			
Minority language	45,000	22,919	38,546
French special projects	209,285	260,310	202,969
Employment and Immigration Canada	91,673	75,792	141,491
Other	—	90,557	10,000
	$ 2,145,958	$ 2,770,106	$ 2,414,883
Appropriation from Councils:			
Municipality of Colchester	$ 4,509,025	$ 4,509,016	$ 4,371,062
Municipality of Cumberland	2,571,866	2,571,864	2,178,696
Municipality of East Hants	2,420,860	2,420,860	2,451,816
Municipality of Pictou	3,457,179	3,457,176	3,036,936
Town of Amherst	1,106,187	1,106,184	1,152,012
Town of New Glasgow	1,175,829	1,175,832	1,208,232
Town of Oxford	172,341	172,341	182,664
Town of Parrsboro	137,152	137,148	143,496
Town of Pictou	343,290	343,282	350,040
Town of Springhill	363,939	363,936	383,880
Town of Stellarton	494,127	494,124	523,056
Town of Stewiacke	143,981	143,976	149,304
Town of Trenton	236,228	236,232	223,800
Town of Truro	1,887,708	1,887,708	1,973,496
Town of Westville	244,944	244,944	258,804
	$ 19,264,656	$ 19,264,623	$ 18,587,294

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule A - Supplementary Details of Revenue (continued)
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Board operations:			
Cafeterias	$ 1,168,736	$ 1,249,042	$ 1,278,343
Investment interest	300,000	370,540	451,329
Adult education fees	129,500	79,138	121,801
Rentals	556,782	459,402	564,266
Summer School	35,500	29,945	34,662
International Student Program	—	757,020	577,924
Public Private Partnership	607,129	478,050	152,866
Other	228,700	164,609	199,936
	$ 3,026,347	$ 3,587,746	$ 3,381,127

Schedule B - Supplementary Details of Expenditures
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual (Restated note 4)
Regional services:			
Salaries and wages	$ 2,255,679	$ 2,266,349	$ 2,097,302
Board member honorarium	129,000	128,374	128,975
Employee benefits	244,559	288,184	219,439
Supplies and materials	178,480	192,281	212,184
Travel and conference - Staff	139,230	125,268	148,252
Travel and conference - Board	62,000	60,082	42,080
Telephone	85,700	70,944	70,679
Professional fees	94,000	174,602	67,116
Administrative services	175,117	129,527	168,905
Facilities rental	23,832	23,831	23,831
Dues and fees	93,162	100,817	54,628
Advertising	46,000	53,421	17,127
Consulting and contracted services	20,000	69,357	31,343
School board elections	10,000	70	29,844
Other	1,300	2,840	100
	$ 3,558,059	$ 3,685,947	$ 3,311,805

	2002 Budget	2002 Actual	2001 Actual (Restated note 4)
Instructional services:			
Salaries and wages	$ 84,015,558	$ 82,506,233	$ 80,738,278
Employee benefits	5,286,010	4,941,711	4,814,477
Service awards (note 4)	811,829	643,101	785,605
Service award interest expense (note 4)	—	1,017,000	906,000
Supplies and materials	2,596,930	2,642,243	2,264,497
Textbook credit allocation	1,292,900	1,208,000	1,297,200
Travel and conferences	204,811	661,124	348,313
In-service training	—	221,618	79,643
Program initiatives	191,618	212,697	373,435
Telephone	285,000	265,019	271,815
Computer services	278,888	293,410	291,425
International Student Program	—	310,326	291,032
Other	—	25,957	13,113
	$ 94,963,544	$ 94,948,439	$ 92,474,833

CHIGNECTO-CENTRAL REGIONAL SCHOOL BOARD

Schedule B - Supplementary Details of Expenditures (Continued)
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Property service:			
Salaries and wages	$ 6,695,158	$ 6,921,310	$ 6,604,982
Employee benefits	1,042,663	1,160,360	1,048,626
Supplies and materials	1,419,957	1,751,761	1,266,996
Utilities	4,266,813	4,086,577	4,651,628
Travel, conference and in-services	29,630	51,864	43,756
Insurance	302,500	341,148	301,060
Contracted Services	350,417	449,765	484,756
Telephone	49,500	62,003	58,183
Other	24,812	50,766	34,608
	$ 14,181,450	$ 14,875,554	$ 14,494,595
Pupil transportation:			
Salaries and wages	$ 3,980,082	$ 3,747,496	$ 3,620,150
Employee benefits	581,180	586,994	565,332
Vehicle operating	1,174,950	1,118,750	1,117,244
License	70,000	77,663	75,005
Insurance	77,000	88,967	63,882
Garage expenses	59,000	41,044	50,048
Travel, conferences and in-services	5,732	7,597	8,089
Contract conveyance	2,028,000	1,964,025	1,897,766
Bus site maintenance	15,000	11,473	11,398
Telephone	44,700	31,622	20,364
	$ 8,035,644	$ 7,675,631	$ 7,429,278
Special education:			
Salaries and wages	$ 11,761,574	$ 12,467,659	$ 11,463,508
Employee benefits	921,716	1,087,930	852,318
Supplies and materials	170,000	133,761	147,447
Travel, conferences and in-services	77,114	115,205	112,327
Telephone	26,000	24,717	20,810
Other (CAYAC)	—	13,695	143
	$ 12,956,404	$ 13,842,967	$ 12,596,553
Adult education:			
Salaries and wages	$ 482,072	$ 499,544	$ 477,646
Employee benefits	43,067	55,033	50,136
Travel and conference	7,000	9,154	9,978
Supplies and materials	43,000	35,313	27,541
Advertising	25,000	24,102	20,914
Facilities rental	2,500	140	3,122
Telephone and computer services	11,500	15,676	12,704
	$ 614,139	$ 638,962	$ 602,041
Summer school:			
Salaries, wages and employee benefits	$ 93,000	$ 85,328	$ 90,391
Supplies and materials	3,500	1,959	2,028
Travel and conference	2,000	—	109
Other	—	293	—
	$ 98,500	$ 87,580	$ 92,528

Schedule B - Supplementary Details of Expenditures (Continued)
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Cafeteria:			
Salaries and wages	$ 439,687	$ 446,879	$ 428,131
Employee benefits	64,229	64,971	56,631
Supplies and materials	614,820	642,916	706,327
Contracted services	50,000	53,266	49,006
	$ 1,168,736	$ 1,208,032	$ 1,240,095

Schedule C - Trust Fund Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Cash and investments	$ 399,507	$ 365,055
Contributions receivable	3,469	—
	$ 402,976	$ 365,055

EQUITY

	2002	2001
Due to Operating Fund	$ —	$ 1,068
Trust Funds (note 9)	402,976	363,987
	$ 402,976	$ 365,055

Schedule D - Statement of Continuity of Trust funds
Year Ended March 31, 2002

	2002	2001
Balance, beginning of year	$ 363,987	$ 290,499
Receipts:		
Principal	49,779	82,408
Interest earned	13,852	14,152
	63,631	96,560
Disbursements:		
Bursaries and scholarships	(24,642)	(23,072)
Balance, end of year	$ 402,976	$ 363,987

See accompanying notes to financial statements.

AUDITORS' REPORT

To the Board of Directors of
Colchester East Hants Health Authority (formerlyDistrict Health Authority 4)

We have audited the statement of financial position of Colchester East Hants Health Authority (formerly the District Health Authority 4) as at March 31, 2002 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Colchester East Hants Health Authority (formerly District Health Authority 4) as at March 31, 2002, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Truro, Nova Scotia
June 7, 2002

COLCHESTER EAST HANTS HEALTH AUTHORITY
(formerly District Health Authority 4)

Statement of Financial Position
March 31, 2002

ASSETS

	Operating Fund	Capital Fund	Total 2002	Total 2001
Current				
Cash and cash equivalents	$ 2,846,710	$ 107,936	$ 2,954,646	$ 1,646,293
Receivables (Note 4)	2,449,964	147,109	2,597,073	3,779,500
Due from Capital Fund	9,088	—	9,088	195,907
Inventories	306,060	—	306,060	323,053
Prepaids	55,148	—	55,148	119,775
	5,666,970	255,045	5,922,015	6,064,528
Other receivables (Note 5)	2,979,845	—	2,979,845	3,026,239
Capital assets (Note 6)	—	15,572,095	15,572,095	16,239,721
	$ 8,646,815	$ 15,827,140	$ 24,473,955	$ 25,330,488

LIABILITIES

	Operating Fund	Capital Fund	Total 2002	Total 2001
Current				
Payables and accruals (Note 7)	$ 5,127,557	$ 159,389	$ 5,286,946	$ 5,569,699
Due to operating fund	—	9,088	9,088	195,907
Deferred revenue	1,731,582	40,056	1,771,638	1,433,348
Current portion of obligation under capital lease	—	28,564	28,564	26,506
	6,859,139	237,097	7,096,236	7,225,460
Employee benefits (Note 8)	1,787,676	—	1,787,676	1,834,070
Obligation under capital lease (Note 9)	—	49,829	49,829	78,393
	8,646,815	286,926	8,933,741	9,137,923

FUND BALANCES (Page 97)

	Operating Fund	Capital Fund	Total 2002	Total 2001
Restricted (Note 10)	—	78,393	78,393	104,899
Unrestricted - investment.in capital assets	—	15,461,821	15,461,821	16,087,666
	—	15,540,214	15,540,214	16,192,565
	$ 8,646,815	$ 15,827,140	$ 24,473,955	$ 25,330,488

Commitments (Note 12)

See accompanying notes to the financial statements.

COLCHESTER EAST HANTS HEALTH AUTHORITY
(formerly District Health Authority 4)

Statement of Operations - Operating Fund
Year Ended March 31, 2002

	2002	Three Months Ended 2001
Revenues		
Nova Scotia Department of Health	$ 34,314,548	$ 8,513,959
Charges to M.S.I.	2,466,524	561,878
Department of Veterans Affairs	354,553	88,067
In-patients	736,424	163,851
Out-patients	316,477	80,402
Rental income	261,276	81,722
Community health board initiatives	60,184	—
Auxiliary	29,782	—
Early identification and intervention program	61,674	—
Investment income	44,198	6,460
Food services	123,784	37,260
Laboratory	75,396	18,490
Other income	21,210	4,072
	38,866,030	9,556,161
Expenses		
In-patient services	14,145,484	3,398,636
Ambulatory services	7,944,232	1,744,867
Diagnostic and therapeutic services	6,294,631	1,577,904
Support services	7,725,673	1,966,308
Community services	1,983,872	440,261
Early departure incentives	61,037	187,355
Rental expenses	158,595	38,205
Education and library	145,018	19,240
Increase in vacation pay accrual	167,573	125,425
Employee benefits	239,915	57,960
	38,866,030	9,556,161
Excess of revenue over expenses	$ —	$ —

See accompanying notes to the financial statements.

COLCHESTER EAST HANTS HEALTH AUTHORITY
(formerly District Health Authority 4)

Statement of Changes in Fund Balances - Capital Fund
Year Ended March 31, 2002

	2002	Three Months Ended 2001
Restricted		
Balance, beginning of year	$ 104,899	$ —
Fund balance of district facilities as at January 1, 2001 (Note 2)	—	454,199
Transfer to unrestricted	(26,506)	(349,300)
Balance, end of year	$ 78,393	$ 104,899
Unrestricted		
Balance, beginning of year	$ 16,087,666	$ —
Fund balance of district facilities as at January 1, 2001 (Note 2)	—	14,521,294
Transfer from restricted	26,506	349,300
Excess of revenues over expenses	5,363	38,015
Capital asset funding		
Department of Health	199,196	1,360,919
Foundations	688,665	232,808
Auxiliaries	152,477	3,480
Amortization	(1,691,083)	(416,104)
Capital debt charges	(6,969)	(2,046)
Balance, end of year	$ 15,461,821	$ 16,087,666

See accompanying notes to the financial statements.

COLCHESTER EAST HANTS HEALTH AUTHORITY
(formerly District Health Authority 4)

Statement of Cash Flows
Year Ended March 31, 2002

	2002	Three Months Ended 2001
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenses - Capital Fund	$ 5,363	$ 38,015
Change in non-cash working capital		
Receivables	1,228.821	(1,023,672)
Inventories	16,993	(7,419)
Prepaids	64,627	(14,896)
Payables and accruals	(329,147)	1,716,634
Deferred revenue	338,290	(636,001)
	1,324,947	72,661
Financing and investing		
Assets, liabilities and fund balances of district facilities at January 1, 2001		
Assets	—	(23,128,216)
Liabilities	—	8,152,723
Fund balances	—	14,975,493
Capital asset funding	1,040,338	1,597,207
Capital debt charges	(6,969)	(2,046)
Purchase of capital assets	(1,023,457)	(1,614,002)
Repayment of capital lease	(26,506)	(349,300)
	(16,594)	(368,141)
Net increase (decrease) in cash and cash equivalents	1,308,353	(295,480)
Cash and cash equivalents, beginning of year	1,646,293	1,941,773
Cash and cash equivalents, end of year	$ 2,954,646	$ 1,646,293

See accompanying notes to the financial statements.

COLCHESTER EAST HANTS HEALTH AUTHORITY
(formerly District Health Authority 4)

Notes to the Financial Statements
March 31, 2002

1. Nature of operations

Colchester East Hants Health Authority (formerly District Health Authority 4) operates several health care facilities including Colchester Regional Hospital, Lillian Fraser Memorial Hospital, public health, addictions and related health services.

2. Health Authorities Act

Colchester East Hants Health Authority (formerly District Health Authority 4) was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, Colchester East Hants Health Authority (formerly District Health Authority 4) acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and health services referred to above.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of estimates
The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Fund accounting
Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets.

Revenue recognition
Colchester East Hants Health Authority (formerly District Health Authority 4) follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the period in which the asset is acquired.

Inventories
Inventories are recorded at the lower of cost or replacement value.

Capital assets
Assets purchased during the year were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

Compensation accruals

Colchester East Hants Health Authority (formerly District Health Authority 4) follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

Employee benefit plans

The authority accrues its employee benefit plan obligations and the related costs, net of plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarily determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

4. Receivables

	Operating Fund	Capital Fund	Total 2002	Total 2001
Charges to M.S.I.	$ 267,928	$ —	$ 267,928	$ 151,769
Foundations	49,556	127,928	177,484	161,502
Harmonized sales tax	231,646	—	231,646	427,498
Patients	248,132	—	248,132	192,674
Other	408,258	10,318	418,576	265,392
	1,205,520	138,246	1,343,766	1,198,835
Nova Scotia Department of Health				
Construction and equipment	—	8,863	8,863	248,000
Final settlement and other	1,244,444	—	1,244,444	2,332,665
	1,244,444	8,863	1,253,307	2,580,665
	$ 2,449,964	$ 147,109	$ 2,597,073	$ 3,779,500

The resolution of final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

5. Other receivables

	Operating Fund	Total 2002	Total
Nova Scotia Department of Health			
Vacation pay	1,192,169	1,192,169	1,192,169
Employees benefits	1,787,676	1,787,676	1,834,070
	$ 2,979,845	$ 2,979,845	$ 3,026,239

6. Capital Assets

	Cost	Accumulated Amortization	2002 Net Book Value	2001 Net Book Value
Land	$ 155,349	$ —	$ 155,349	$ 155,349
Land improvements	497,444	234,799	262,645	154,465
Buildings	16,365,891	5,954,221	10,411,670	10,414,239
Equipment	10,275,710	5,811,129	4,464,581	4,954,663
Equipment under capital lease	894,012	629,996	264,016	367,479
Construction in progress	13,834	—	13,834	193,526
	$ 28,202,240	$ 12,630,145	$ 15,572,095	$ 16,239,721

7. Payables and accruals

	Operating Fund	Capital Fund	Total 2002	Total 2001
Trade	$ 3,483,290	$ 159,389	$ 3,642,679	$ 4,093,005
Vacation pay	1,644,267	—	1,644,267	1,476,694
	$ 5,127,557	$ 159,389	$ 5,286,946	$ 5,569,699

8. Employee benefits

The authority has the following benefit plans:

(i) a multi-employer defined benefit plan, as administered by the Nova Scotia Association of Health Organizations, providing pension benefits to most of its employees, and
(ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The most recent projected actuarial valuation of the multi-employer pension plan with approximately 18,000 members throughout the province does not show an unfunded liability at December 31, 2000.

The net expense for the authority's benefit plans are as follows:

	Pension Benefit Plan March 31, 2002
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses	$ 1,154,224

Information about the authority's retirement benefit plan as at March 31, 2002 is as follows:

	Retirement Benefit Plan March 31, 2002
Fair value of plan assets	$ 1,787,676
Accrued benefit liability recognized	$ 1,787,676

The net expense for the health authority's retirement allowance is as follows:

Retirement allowance	$ 97,186

The following acturial assumptions have been used in the determination of the accrued benefit obligation as at March 31, 2002.

Discount rate	7.05%
Rate of compensation increase	3.65-6.15%
Termination rates	1.2-20%

It was also assumed that 50% of employees will retire on the date they are first eligible for an unreduced retirement allowance, and the remainder will retire on their normal retirement date which is their 65th birthday.

9. Obligation under capital lease

The authority leases equipment under a capital lease from Toshiba of Canada Limited.

Future minimum lease payments are as follows:

	2002	2001
2002	$ —	$ 33,475
2003	33,475	33,475
2004	33,475	33,475
2005	19,526	19,526
	86,476	119,951
Less: amount representing interest on capital lease at 7.25%	8,083	15,052
	78,393	104,899
Less: current portion	28,564	26,506
	$ 49,829	$ 78,393

As security, the authority has pledged specific equipment.

10. Restricted fund balance

The Nova Scotia Department of Health provided funding to establish a reserve for the repayment of the capital lease obligation. This reserve is restricted and will be used solely for the repayment of the obligation referred to in Note 9. The balance of the reserve was $78,393 as of March 31, 2002.

11. Credit facilities

The health authority has a financial agreement with a financial institution which provides an available operating line of credit totalling $1,000,000, all of which is unused at March 31, 2002.

12. Commitments

Colchester East Hants Health Authority (formerly District Health Authority 4) is committed to the following operating and occupancy lease payments in each of the next four fiscal years ended March 31:

2003	$ 104,817
2004	$ 29,104
2005	$ 29,104
2006	$ 12,127

13. Related entities

The health authority has responsibility for the operation of certain hospitals and health care centres as outlined in Note 1. There are in existence several hospital auxiliaries and foundations, which solicit funds in the name of these particular hospitals and health care centres. These funds are intended by the contributor to assist in the provision of health care services in the catchment area. The health authority is considered to have an economic interest in these foundations and auxiliaries whereby the assets of these organizations may accrue to the benefit of the authority. The amount and nature of these assets at March 31, 2002 are available from the individual financial statements of the related entities.

14. Comparative figures

Certain of the 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2002.

RAPPORT DES VÉRIFICATEURS

Au président et aux membres
du Conseil scolaire acadien provincial

Nous avons vérifié les bilans du Conseil scolaire acadien provincial en date du 31 mars 2002 et les états des résultats et d'équité. Ces états financiers sont la responsabilité de l'administration du Conseil scolaire. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir un degré raisonnable de certitude quant à l'absence d'inexactitudes importantes dans les états financiers. La vérification comprend le contrôle par sondages des informations probantes à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers présentent fidèlement, à tous égards importants, la situation financière de la société au 31 mars 2002 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour les exercices terminés à ces dates selon les principes comptables généralement reconnus pour les conseils scolaires de la Nouvelle-Écosse.

Saxton Comeau

Yarmouth, Nouvelle-Écosse
le 20 aout, 2002

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan consolidé

Au 31 mars 2002 et 2001

	2002		2001 (redressé)	
Actif				
Actif à court terme:				
Sommes à recevoir:				
Province de la Nouvelle-Écosse (note 4)	3 457 345	$	4 067 027	$
Gouvernement du Canada	2 260 984		2 008 302	
Autres	272 254		1 049 152	
Frais payés d'avance	12 128		41 763	
	6 002 711		5 381 244	
Encaisse et sommes à recevoir restreintes	1 529		88 306	
Immobilisations, au coût:				
Terrains, édifices et améliorations (note 2)	23 152 615		22 219 469	
Équipement et fournitures	3 857 518		3 855 740	
Autobus scolaires et autres véhicules	1 956 098		1 995 710	
	28 966 231		28 070 919	
	34 970 471	$	35 325 469	$
Passif				
Passif à court terme:				
Chèques émis dépassant les fonds en dépôt	3 023 936	$	2 589 523	$
Fournisseurs et sommes à payer (note 4)	3 733 922		2 565 095	
Revenus reportés	183 846		197 892	
	6 941 704		7 137 510	
Équité				
Réserves	1 529		88 306	
Surplus (deficit)	(938 993)		28 734	
Équité en immobilisations	28 966 231		28 070 919	
	28 028 767		28 187 959	
	34 970 471	$	35 325 469	$

Voir les notes explicatives qui accompagnent ces états financiers.

Ratifié au nom du Conseil scolaire:

____________________ président

____________________ membre du Conseil

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds d'opération

Au 31 mars 2002 et 2001

	2002		2001 (redressé)	
Actif				
Actif à court terme:				
Sommes à recevoir:				
Province de la Nouvelle-Écosse (note 4)	3 457 345	$	4 067 027	$
Gouvernement du Canada	2 260 984		2 008 302	
Autres	272 254		1 049 152	
Frais payés d'avance	12 128		41 763	
	6 002 711	$	7 166 244	$
Passif				
Passif à court terme:				
Chèques émis dépassant les fonds en dépôt	3 023 936	$	2 502 706	$
Fournisseurs et sommes à payer:				
Fournisseurs et autres (note 4)	3 733 922		4 350 095	
Payable au fonds des réserves	-		86 817	
Revenus reportés	183 846		197 892	
	6 941 704		7 137 510	
Equité				
Surplus (déficit)	(938 993)		28 734	
	(938 993)		28 734	
	6 002 711	$	7 166 244	$

Voir les notes explicatives qui accompagnent ces états financiers.

Ratifié au nom du Conseil scolaire:

____________________ président

____________________ membre du Conseil

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

État des résultats - fonds d'opération

Exercice clos le 31 mars 2002 et 2001

	2002		2001
	Budget	Actuel	Actuel (redressé)
Revenus:			
Province de la Nouvelle-Écosse	25 999 992 $	26 610 976 $	25 577 918 $
Gouvernement du Canada	938 790	1 003 180	939 509
Allocations des conseils scolaires	113 741	137 397	605 018
Opérations du conseil scolaire	20 000	4 458	15 375
Autres revenus	1 028 734	1 329 554	788 830
Transfert du surplus	-	28 734	-
	28 101 257	29 114 299	27 926 650
Dépenses:			
Gouvernance du conseil	403 235	377 944	341 436
Administration du conseil scolaire	1 581 647	1 533 728	1 801 859
Administration scolaire et instruction	18 027 115	18 288 828	18 054 069
Service de maintien	3 016 755	3 114 885	2 941 682
Transport d' élèves	2 642 443	2 654 505	2 527 130
Éducation spéciale	2 301 417	2 259 380	1 903 039
Programmes fédéraux	-	30 231	38 706
Capital d'exploitation	128 645	961 759	789 995
	20 101 257	29 221 260	28 397 916
Excédent dépenses sur les revenus avant le transfert de la réserve et les éléments inhabituels	-	(106 961)	(471 266)
Transfert de la réserve pour opérations	-	86 817	500 000
Excédent des revenus sur les dépenses (dépenses sur les revenues) avant les éléments inhabituels	-	(20 144)	28 734
Éléments inhabituels, radiation des sommes à recevoir et revenus (note 5)	-	(918 849)	-
Excedent des revenues sur les dépenses (dépenses sur les revenues)	-	(938 993) $	28 734 $

État de la continuité du surplus

Exercice clos le 31 mars 2002 et 2001

	2002	2001
Surplus au début de l'exercice	28 734 $	- $
Transfert aux opérations courantes	28 734	-
	-	-
Excédent des revenus sur les dépenses (dépenses sur les revenues)	(938 993)	28 734
Surplus (deficit), à la fin de l'exercice	(938 993) $	28 734 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds de capital

Au 31 mars 2002 et 2001

	2002		2001	
Actif				
Immobilisations, au coût:				
Terrains, édifices et améliorations (note 2)	23 152 615	$	22 219 469	$
Équipement et fournitures	3 857 518		3 855 740	
Autobus scolaires et autres véhicules	1 956 098		1 995 710	
	28 966 231	$	28 070 919	$
Équité				
Équité en immobilisations	28 966 231	$	28 070 919	$
	28 966 231	$	28 070 919	$

Voir les notes explicatives qui accompagnent ces états financiers.

Ratifié au nom du Conseil scolaire:

____________________ président

____________________ membre du Conseil

État de la continuité de l'équité en immobilisations

Exercice clos le 31 mars 2002 et 2001

	2002		2001	
Équité, au début de l'exercice	28 070 919	$	27 194 597	$
Achats d'immobilisations:				
Terrains, édifices et améliorations	933 146		589 467	
Équipement et fournitures	1 778		55 327	
	934 924		644 794	
Autobus scolaires et autres véhicules	193 517		128 008	
Ajustement aux autobus scolaires	-		153 027	
Mise hors service d'immobilisations:				
Autobus scolaires	(233 129)		(49 507)	
Équité, à la fin de l'exercice	28 966 231	$	28 070 919	$

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Bilan - fonds des réserves

Au 31 mars 2002 et 2001

	2002		2001	
Actif				
Encaisse et investissements	1 529	$	1 489	$
Recevable du fonds d'opération	-		86 817	
	1 529	$	88 306	$
Équité				
Réserve pour allocations de retraite	-	$	86 817	$
Réserve pour fonds de bourse	1 529		1 489	
	1 529	$	88 306	$

Voir les notes explicatives qui accompagnent ces états financiers.

Ratifié au nom du Conseil scolaire:

______________________ président

______________________ membre du Conseil

État de la continuité du fonds des réserves

Exercice clos le 31 mars 2002 et 2001

	2002						2001	
	Réserve pour allocations de retraite		Réserve pour fonds de bourse		Total		Total	
Équité, au début de l'exercice	86 817	$	1 489	$	88 306	$	588 235	$
Transfert aux opérations	(86 817)				(86 817)		(500 000)	
Intérêts et versements	-		40		40		71	
Équité, à la fin de l'exercice	-	$	1 529	$	1 529	$	88 306	$

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - revenus

Exercice clos le 31 mars 2002 et 2001

	2002				2001	
	Budget		Actuel		Actuel (redressé)	
Province de la Nouvelle-Écosse:						
Formule générale	17 576 700	$	17 658 603	$	17 153 000	$
Transport	497 500		497 498		518 800	
Gestion	116 300		116 300		103 300	
Administration provinciale	321 800		321 800		306 700	
Programme	4 400 400		4 400 403		3 871 500	
Maintien	486 700		486 698		477 100	
Capital - maintien	108 100		108 096		106 000	
Éducation spéciale	1 185 300		1 192 643		1 087 512	
Manuels scolaires	202 400		202 400		196 300	
Capital - transport	-		-		197 400	
Capital d'urgence	-		689 282		213 377	
Projets spéciaux	75 000		70 084		76 581	
Autres	1 029 792		867 169		1 270 348	
	25 999 992	$	26 610 976	$	25 577 918	$
Gouvernement du Canada:						
Paiement formulaire	148 790	$	159 505	$	148 758	$
Projets spéciaux	190 000		175 111		191 454	
Autres	600 000		668 564		599 297	
	938 790	$	1 003 180		939 509	$
Allocations des conseils scolaires:						
Transferts	113 741	$	137 397	$	605 018	$
	113 741	$	137 397	$	605 018	$
Opérations du conseil scolaire:						
Intérêts bancaires	20 000	$	4 458	$	15 375	$
	20 000	$	4 458	$	15 375	$

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires - dépenses

Exercice clos le 31 mars 2002 et 2001

	2002		2001
	Budget	Actuel	Actuel (redressé)
Gouvernance du conseil:			
Honoraires des membres	164 435 $	164 966 $	165 023 $
Avantages sociaux	11 000	9 699	-
Fournitures et matériaux	6 000	1 874	-
Déplacements et conférences	85 700	70 340	81 575
Primes d'assurances	35 600	35 600	32 364
Services professionnels	35 000	35 424	-
Publicité et promotion	20 000	17 706	-
Téléphone	5 500	1 886	5 427
Cotisation/frais	30 000	30 198	-
Élections scolaires	-	201	57 047
Autres	10 000	10 050	-
	403 235 $	377 944 $	341 436 $
Administration du conseil scolaire:			
Salaires, administration	412 315 $	459 291 $	417 225 $
Salaires, personnel du bureau	310 346	321 831	300 564
Salaires, autres	223 025	162 588	215 420
Avantages sociaux	94 461	94 293	98 908
Allocations de retraite/primes de départ	-	-	135 042
Fournitures et matériaux	104 000	112 342	119 605
Téléphone	54 500	50 054	55 363
Déplacements et conférences	124 500	125 602	127 507
Services professionnels	35 000	14 634	69 521
Cotisation/frais	10 000	1 875	21 749
Services administratifs	75 000	67 399	80 472
Publicité et promotion	30 000	29 146	49 955
Bureaux et loyer	72 000	64 028	66 324
Autres	36 500	30 645	44 204
	1 581 647 $	1 533 728 $	1 801 859 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires – dépenses, page 2

Exercice clos le 31 mars 2002 et 2001

	2002		2001
	Budget	Actuel	Actuel (redressé)
Administration scolaire et instruction:			
Salaires, administration	1 209 000 $	1 116 625 $	1 196 953 $
Salaires, instruction	12 168 000	12 574 200	12 056 883
Salaires, suppléance	350 000	399 986	349 301
Salaires, bibliothèque	115 000	115 792	113 639
Salaires, orientation	266 500	261 676	215 428
Salaires, personnel de bureau	410 000	411 092	408 880
Salaires, autres	575 439	724 502	702 648
Avantages sociaux	1 057 792	1 074 367	994 304
Allocations de retraite/primes de départ	60 000	80 330	43 084
Fournitures et matériaux	544 160	660 000	527 589
Manuels scolaires	202 400	202 400	196 300
Entraînement sur place	100 000	40 914	122 132
Déplacements, circuit et ressources	6 000	7 496	5 180
Déplacements et conférences, autres	110 000	70 906	109 784
Téléphone et services d'informatique	425 000	299 242	425 100
Transfert pour services – SRSB	140 000	71 398	417 941
Autres	287 824	177 902	168 923
	18 027 115 $	18 288 828 $	18 054 069 $
Service de maintien:			
Salaires, maintien	116 514 $	103 603 $	91 265 $
Salaires, concierges	866 574	892 092	807 171
Avantages sociaux	170 057	122 637	120 289
Fournitures et matériaux, maintien	75 000	61 190	74 219
Fournitures et matériaux, concierges	130 000	158 410	132 044
Fournitures et matériaux, autres	10 000	635	11 361
Loyer	5 000	200	4 600
Déplacements et conférences	15 000	23 371	22 697
Primes d'assurances	58 610	58 609	53 281
Services publics, électricité	500 000	573 764	489 258
Services publics, chauffage	475 000	376 470	444 967
Services publics, eau/système d'égoûts	55 000	73 623	53 500
Services publics, téléphone	15 000	15 805	15 313
Dépenses d'exploitation, véhicules	20 000	11 913	16 253
Services à contrat, maintien	400 000	545 943	499 695
Services à contrat, concierges	100 000	93 566	100 781
Autres dépenses	5 000	3 054	4 988
	3 016 755 $	3 114 885 $	2 941 682 $

Voir les notes explicatives qui accompagnent ces états financiers.

CONSEIL SCOLAIRE ACADIEN PROVINCIAL

Détails supplémentaires – dépenses, page 3

Exercice clos les 31 mars 2002 et 2001

	2002		2001
	Budget	Actuel	Actuel (redressé)
Transport des élèves:			
Salaires	746 670 $	778 348 $	736 233 $
Avantages sociaux	144 773	123 782	94 674
Véhicules, essence/huile	140 000	128 017	139 553
Véhicules, réparations	90 000	115 512	96 439
Véhicules, frais de permis	15 000	14 057	14 076
Véhicules, primes d'assurances	11 000	13 336	10 046
Véhicules, pneus	20 000	26 348	23 213
Fournitures et matériaux	10 000	7 781	4 219
Téléphone	10 000	13 636	10 700
Maintien/services publics, garages	22 000	13 071	20 787
Entretien, arrêts d'autobus	4 500	751	5 334
Déplacements et conférences, personnel	1 000	1 286	1 819
Transport par contrat	1 425 000	1 415 895	1 368 534
Entraînement sur place	2 500	2 553	1 412
Autres	-	132	91
	2 642 443 $	2 654 505 $	2 527 130 $
Éducation spéciale:			
Salaires, administration	279 171 $	208 451 $	37 475 $
Salaires, instruction	1 060 000	1 099 145	969 857
Salaires, autres	680 000	696 771	664 627
Avantages sociaux	165 246	130 761	119 092
Fournitures et matériaux	25 000	66 955	22 759
Déplacements et conférences	90 000	56 723	89 085
Autres	2 000	574	144
	2 301 417 $	2 259 380 $	1 903 039 $
Programmes fédéraux:			
Autres	- $	30 231 $	38 706 $
	- $	30 231 $	38 706 $
Capital d'exploitation:			
Réparations mineures et infrastructures	108 100 $	263 395 $	378 268 $
Capital d'urgence	-	689 282	213 377
Meubles et équipement	20 545	9 082	950
Transport, autobus	-	-	197 400
	128 645 $	961 759 $	789 995 $

Voir les notes explicatives qui accompagnent ces états financiers.

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1. Conventions comptables:

Ces états financiers ont été préparés sous tous aspects selon les conventions comptables prescrites dans le Nova Scotia District School Board Financial Handbook.

Présentation des états financiers

Les états financiers du Conseil scolaire sont rédigés d'après la méthode comptable par fonds.

Entrée des dépenses

À l'exception des salaires du personnel enseignant, les dépenses sont inscrites d'après la comptabilité d'exercice. Les bons de commande en circulation à la date de l'entrée au bilan sont inscrits d'après la comptabilité d'exercice comme sommes à payer.

Équipement et autobus scolaires

Les propriétés et l'équipement sont inscrits au prix coûtant. L'actif qu'ont reçu les divers conseils scolaires en date du 1 janvier 1982, en vertu de l'entente créant les districts scolaires de la Nouvelle-Écosse, et en date du 9 janvier 1996, selon l'entente créant les conseils scolaires, est traité comme un ajout aux investissements en biens immobiliers. Le Conseil scolaire n'inscrit pas de dépréciation sur ses biens immobiliers.

2. Terrains, édifices et améliorations:

D'après l'entente du 1 janvier 1982, tous les terrains et tous les édifices scolaires dont disposaient les municipalités le 31 décembre 1981 demeurent la propriété des municipalités concernées, mais sont administrés par les conseils scolaires tant et aussi longtemps qu'ils les utiliseront à leurs fins. Ensuite, leur contrôle passera de nouveau à la municipalité concernée.

En vertu des améliorations faites aux édifices scolaires, les conseils scolaires se sont portés acquéreurs de biens immobiliers auxquels ils n'ont aucun droit. D'après la Loi scolaire, dès qu'une municipalité vend un édifice qui lui est remis par le district scolaire, en vertu des circonstances énoncées ci-avant, une portion du produit des ventes est due au conseil scolaire. Dans le cas de recouvrement de sommes provenant des assurances, suite à la perte d'un édifice, une portion de cet argent proportionnelle aux améliorations serait également payable au conseil scolaire.

En vertu de l'entente créant les conseils scolaires en date du 9 janvier 1996, l'actif en biens immobiliers des anciens districts scolaires, ou du conseil d'école, est transféré aux conseils scolaires et respecte l'entente de 1982.

Les conseils, avec le ministère d'éducation de la Nouvelle-Écosse devront s'entendre sur la division des valeurs d'équité en immobilisations.

3. Plan de pension:

Les enseignants participent à un plan de pension établi par la Province de la Nouvelle-Écosse en vertu de la Teachers' Pension Act. Les employés non syndiqués participent à un plan de pension établi et géré par la Nova Scotia School Board Association.

4. Révision rétroactive des rapports financiers 2001:

Les rapports financiers 2001 du Conseil ont été révisés de facon rétroactive pour y inclure la responsabilité d'allocation de retraite (pension de retraite), comme établi par le biais d'une évaluation externe.

En conséquence, les montants recevables par la province de la Nouvelle-Écosse ont subi une augmentation de 1 785 000$, dont une augmentation équivalente sur la responsabilité d'allocation de retraite. Le rapport d'opérations 2001 a également été réévalué pour y inclure le fond provincial et les dépenses de retraite évalués chacun à 153 000$. Au 31 mars 2002, la responsabilité d'allocation de retraite ainsi que les charges recevables par la province étaient évaluées à 1 924 000$.

5. Éléments inhabituels:

Le Conseil a anticipé que le fond recevable de la province de la Nouvelle-Écosse se monetrait à 918 849$. Ces fonds sont une addition de montants recevables à compter du 31 mars 2001 qui sont évalués à 353 639$ et à des montants annuels courants de 565 210$.

La subvention 2001 refusés par la province se référait à des projets capitaux et des interruptions évaluées respectivement à 307 269$ et à 46 370$. Les montants refusés en 2002 se référent principalement à une subvention additionelle basée sur des calculs en métrage carré effectués dans les écoles du Conseil pour un total de 492 178$, ainsi qu'à des projets capitaux refusés d'un total de 73 032$. La province de la Nouvelle-Écosse s'est engagée à verser en subvention un montant de 918 849$ dans l'année fiscale se terminant le 31 mars 2003.

6. Chiffres comparatifs:

Certains chiffres dans la colonne comparative 2001 ont été reclassifiés afin d'accommoder la présentation pour l'année courante.

AUDITORS' REPORT

To the Board of Directors of
Cumberland Health Authority
(formerly District Health Authority 5)

We have audited the statement of financial position of the Cumberland Health Authority (formerly District Health Authority 5) as at March 31, 2002 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Cumberland Health Authority (formerly District Health Authority 5) as at March 31, 2002, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Truro, Nova Scotia
June 11, 2002

CUMBERLAND HEALTH AUTHORITY
(formerly District Health Authority 5)

Statement of Financial Position
March 31, 2002

ASSETS

	Operating Fund	Capital Fund	Endowment Fund	2002 Total	2001 Total
Current					
Cash and cash equivalents	$ 89,955	$ 17,734	$ 55,551	$ 163,240	$ 956,881
Receivables (Note 4)	2,389,945	6,053,839	—	8,443,784	5,122,264
Due from capital fund	2,237,288	—	—	2,237,288	23,673
Inventories	196,723	—	—	196,723	229,709
Prepaids	144,613	—	—	144,613	180,967
	5,058,524	6,071,573	55,551	11,185,648	6,513,494
Other receivables (Note 5)	2,650,060	—	—	2,650,060	2,336,570
Capital assets (Note 6)	—	51,563,767	—	51,563,767	27,208,808
	$ 7,708,584	$ 57,635,340	$ 55,551	$ 65,399,475	$ 36,058,872

LIABILITIES

	Operating Fund	Capital Fund	Endowment Fund	2002 Total	2001 Total
Current					
Bank overdraft	$ 738,077	$ —	$ —	$ 738,077	$ —
Payables and accruals (Note 7)	3,924,902	3,788,729	—	7,713,631	6,095,975
Due to operating fund	—	2,237,288	—	2,237,288	23,673
Deferred revenue	1,250,859	129,604	—	1,380,463	1,312,485
Current portion of obligation under capital lease	—	3,584	—	3,584	3,326
	5,913,838	6,159,205	—	12,073,043	7,435,459
Employee benefits (Note 8)	1,794,746	—	—	1,794,746	1,467,256
Obligation under capital lease (Note 9)	—	6,253	—	6,253	9,837
	7,708,584	6,165,458	—	13,874,042	8,912,552

FUND BALANCES (Page 118)

	Operating Fund	Capital Fund	Endowment Fund	2002 Total	2001 Total
Restricted (Note 10)	—	9,837	55,551	65,388	66,980
Unrestricted - investment in capital assets	—	51,460,045	—	51,460,045	27,079,340
	—	51,469,882	55,551	51,525,433	27,146,320
	$ 7,708,584	$ 57,635,340	$ 55,551	$ 65,399,475	$ 36,058,872

Commitments (Note 12)

See accompanying notes to the financial statements.

CUMBERLAND HEALTH AUTHORITY
(formerly District Health Authority 5)

Statement of Operations - Operating fund
Year Ended March 31, 2002

	2002	Three Months Ended 2001
Revenues		
Nova Scotia Department of Health	$ 26,820,972	$ 6,605,711
Charges to M.S.I.	1,177,532	217,496
In-patients	388,640	71,077
Out-patients	866,261	196,907
Long term care	849,968	200,537
Food services	128,526	38,895
Investment income	2,674	7,087
Mental Health joint projects	196,800	—
Community health board initiatives fund	22,675	—
Other income	80,141	16,666
	30,534,189	7,354,376
Expenses		
In-patient services	9,949,815	2,475,776
Ambulatory services	5,436,063	1,194,655
Diagnostic and therapeutic services	4,887,779	1,198,925
Support services	8,281,581	1,951,266
Community health	1,568,520	355,449
Early departure and retirement incentives	—	28,475
Increase in vacation pay accrual	195,922	103,462
Employee benefits	214,509	46,368
	30,534,189	7,354,376
Excess of revenue over expenses	$ —	$ —

Statement of Changes in Fund Balances
Year Ended March 31, 2002

	Capital Fund	Endowment Fund	2002	Three Months Ended 2001
Restricted				
Balance, beginning of year	$ 13,163	$ 53,817	$ 66,980	$ —
Fund balance of district facilities January 1, 2001 (Note 2)	—	—	—	67,106
Transfer to unrestricted	(3,326)	—	(3,326)	(793)
Excess of revenues over expenses	—	1,734	1,734	667
Balance, end of year	$ 9,837	$ 55,551	$ 65,388	$ 66,980
Unrestricted				
Balance, at beginning of year	$ 27,079,340	$ —	$ 27,079,340	$ —
Fund balance of district facilities January 1, 2001 (Note 2)	—	—	—	24,214,651
Transfer from restricted	3,326	—	3,326	793
Capital asset funding				
Department of Health	21,433,406	—	21,433,406	2,436,037
Foundations	4,002,883	—	4,002,883	683,445
Auxiliaries	30,385	—	30,385	18,882
Other	24,604	—	24,604	12,934
Amortization	(1,113,025)	—	(1,113,025)	(277,621)
Capital debt charges	(874)	—	(874)	(9,781)
Balance, end of year	$ 51,460,045	$ —	$ 51,460,045	$ 27,079,340

See accompanying notes to the financial statements.

CUMBERLAND HEALTH AUTHORITY
(formerly District Health Authority 5)

Statement of Cash Flows
Year Ended March 31, 2002

	2002	Three months Ended 2001
Increase (decrease) in cash and cash equivalents, net of bank overdrafts		
Operations		
Excess of revenues over expenses - Endowment Fund	$ 1,734	$ 667
Change in non-cash working capital		
Receivables	(3,635,010)	(634,416)
Inventories	32,986	8,357
Prepaid expenses	36,354	(23,273)
Payables and accruals	1,945,146	440,910
Deferred revenue	67,977	(351,640)
	(1,550,813)	(559,395)
Financing and investing		
Assets, liabilities and fund balances of district facilities at January 1, 2001		
Assets	—	(33,035,791)
Liabilities	—	8,754,034
Fund balances	—	24,281,757
Capital asset funding	25,491,278	3,151,298
Interfund transfer - capital asset funding	3,326	793
Purchase of capital assets	(25,467,983)	(2,964,990)
Repayment of long term debt	(3,326)	(793)
Capital debt charges	(874)	(9,781)
	22,421	176,527
Decrease in restricted funds	(3,326)	(793)
	19,095	175,734
Net decrease in cash and cash equivalents, net of bank overdrafts	(1,531,718)	(383,661)
Cash and cash equivalents, net of bank overdrafts, beginning of year	956,881	1,340,542
Cash and cash equivalents, net of bank overdrafts, end of year	$ (574,837)	$ 956,881

See accompanying notes to the financial statements.

CUMBERLAND HEALTH AUTHORITY
(formerly District Health Authority 5)

Notes to the Financial Statements
March 31, 2002

1. Nature of operations

Cumberland Health Authority (formerly District Health Authority 5) operates several health care facilities including South Cumberland Community Care Centre, North Cumberland Memorial Hospital, Highland View Regional Hospital, All Saints Springhill Hospital, Bayview Memorial Hospital and related health services.

2. Health Authorities Act

Cumberland Health Authority (formerly District Health Authority 5) was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, Cumberland Health Authority (formerly District Health Authority 5) acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and health services referred to above.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of estimates
The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Fund accounting
Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets. Endowment contributions are reported in the Endowment fund.

Revenue recognition
Cumberland Health Authority (formerly District Health Authority 5) follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the period in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

Inventories
Inventories are recorded at the lower of cost and replacement value.

Capital assets
Assets purchased during the year were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

Compensation accruals
Cumberland Health Authority (formerly District Health Autority 5) follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

Employee benefit plans
The authority accrues its employee benefit plan obligations and the related costs, net of plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarily determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank balances and various funds held in trust.

4. Receivables

	Operating Fund	Capital Fund	2002 Total	2001 Total
Charges to M.S.I. . . . . $	92,531 $	— $	92,531 $	71,022
Foundation	—	1,445,554	1,445,554	146,109
Harmonized sales tax.	159,701	977,965	1,137,666	628,887
Patients	447,465	—	447,465	430,150
Other	225,623	—	225,623	330,571
	925,320	2,423,519	3,348,839	1,606,739
Nova Scotia Department of Health				
Construction and equipment.	—	3,630,320	3,630,320	2,060,485
Final settlement and other.	1,464,625	—	1,464,625	1,455,040
	1,464,625	3,630,320	5,094,945	3,515,525
$	2,389,945 $	6,053,839 $	8,443,784 $	5,122,264

The resolution of final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, on the resolution of these amounts will be accounted for as an adjustment to fund balances in the period in which they occur.

5. Other receivables

	Operating Fund	2002 Total	2001 Total
Nova Scotia Department of Health			
Vacation pay. . . . . $	819,314 $	819,314 $	819,314
Employees benefits.	1,794,746	1,794,746	1,467,256
Other.	36,000	36,000	50,000
$	2,650,060 $	2,650,060 $	2,336,570

6. Capital assets

	Cost	Accumulated Amortization	2002 Net Book Value	2001 Net Book Value
Land	$ 35,945	$ —	$ 35,945	$ 35,945
Land improvements	173,689	49,831	123,858	132,542
Buildings	19,009,080	5,300,506	13,708,574	13,984,239
Equipment	4,899,137	2,308,759	2,590,378	2,858,149
Equipment under capital lease	83,522	69,174	14,348	28,098
Construction in progress	35,090,664	—	35,090,664	10,169,835
	$ 59,292,037	$ 7,728,270	$ 51,563,767	$ 27,208,808

7. Payables and accruals

	Operating Fund	Capital Fund	2002 Total	2001 Total
Trade	$ 2,617,042	$ 3,788,729	$ 6,405,771	$ 4,380,939
Foundation	—	—	—	603,098
Vacation pay	1,307,860	—	1,307,860	1,111,938
	$ 3,924,902	$ 3,788,729	$ 7,713,631	$ 6,095,975

8. Employee benefits

The authority has the following benefit plans:

(i) a multi-employer defined plan, as administered by the Nova Scotia Association of Health Organizations providing pension benefits to most of its employees, and
(ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The most recent actuarial valuation of multi-employer pension plan with approximately 18,000 members throughout the province does not show an unfunded liability at December 31, 2000.

The net expense for the authority's benefit plans are as follows:

	Pension Benefit Plan March 31, 2002
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses	$ 861,316

Information about the authority's retirement benefit plan as at March 31, 2002 is as follows:

	Retirement Benefit Plan March 31, 2002
Fair value of plan assets	$ 1,794,746
Accrued benefit liability	$ (1,794,746)

A discount rate of 7.05% was used in the actuarial assumptions adopted measuring the authority's accrued retirement obligation. During the period, retiring allowances paid amount to $56,788 (2001-$8,699).

9. Obligation under capital lease

The authority leases equipment under a capital lease from Toshiba Canada Limited.

Future minimum lease payments are as follows:

	2002	2001
2002	$ —	$ 4,200
2003	4,200	4,200
2004	4,200	4,200
2005	2,450	2,450
	10,850	15,050
Less: amount representing interest on capital lease at 7.25%	1,013	1,887
	9,837	13,163
Less: current portion	3,584	3,326
	$ 6,253	$ 9,837

As security, the authority has pledged specific equipment.

10. Restricted fund balance

The Nova Scotia Department of Health provided funding to establish a reserve for the repayment of the capital lease obligation. This reserve is restricted and will be used solely for the repayment of the obligation referred to in Note 9. The balance of the reserve was $9,837 (2001 - $13,163) as of March 31, 2002.

11. Credit facilities

The authority has a financing arrangement with a financial institution, which provides an available operating line of credit totalling $1,000,000, all of which is unused at March 31, 2002.

12. Commitments

a) Cumberland Health Authority (formerly District Health Authority 5) is committed to the following operating and occupancy lease payments in each of the next five fiscal years ended March 31:

2003	$ 206,810
2004	$ 180,910
2005	$ 180,910
2006	$ 180,910
2007	$ 180,910

b) Cumberland Health Authority (formerly District Health Authority 5) has entered into agreements to spend $16,344,168 on additions to property and equipment.

13. Related entities

The health authority has responsibility for the operation of certain hospitals and health care centres as outlined in Note 1. There are in existence several hospital auxiliaries and foundations, which solicit funds in the name of these particular hospitals and health care centres. These funds are intended by the contributor to assist in the provision of health care services in the catchment area. The health authority is considered to have an economic interest in these foundations and auxiliaries whereby the assets of these organizations will accrue to the benefit of the authority. The amount and nature of these assets at March 31, 2002 are available from the individual financial statements of the related entities.

ENVIRONMENTAL TRUST FUND

These financial statements are unaudited.

Unaudited

ENVIRONMENTAL TRUST FUND

Balance Sheet
as at March 31, 2002

ASSETS

		2002		2001
Cash	$	1,229	$	1,008
Investments (Schedule 1)		4,977		5,037
	$	6,206	$	6,045

FUND EQUITY

		2002		2001
Fund equity	$	6,206	$	6,045

Statement of Income and Fund Equity
for the year ended March 31, 2002

		2002		2001
Revenues				
Interest	$	209	$	308
Expenses				
Bank charges		47		12
Net Income		161		296
Fund equity, beginning of year		6,045		5,749
Fund equity, end of year	$	6,206	$	6,045

Unaudited

ENVIRONMENTAL TRUST FUND

Notes to Financial Statements
March 31, 2002

1. **Authority**

Effective January 1, 1995 the authority for Environmental Trust Fund operations is the Environment Act. The purpose of the Trust is to fund programs for environmental research and management and conservation of the environment.

2. **Accounting Policies**

These financial statements have been prepared in accordance with generally accepted accounting principles. Administrative expenses incurred on behalf of the Fund are included in the expenditures of the Nova Scotia Department of Environment and Labour and are not reflected in the financial statements.

Schedule 1

ENVIRONMENTAL TRUST FUND

Schedule of Investments
March 31, 2001

Investment	Interest Rate	Maturity Date		Cost
TD Bank Banker's Acceptance	2.04%	April 15, 2002	$	4,977

The investments of the Environmental Trust Fund are recorded at cost, which approximates their market value.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
Guysborough Antigonish Strait Health Authority

We have audited the statement of financial position of Guysborough Antigonish Strait Health Authority as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and the changes in its cash flows for the three months then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
May 31, 2002

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Financial Position
March 31, 2002, with comparative figures for 2001

ASSETS

	Operating Fund	Capital Fund	Restricted Fund	2002 Total	2001 Total
Current assets:					
Cash and marketable securities	$ 1,371,506	$ 820,504	$ 197,838	$ 2,389,848	$ 3,005,428
Accounts receivable (note 2)	5,559,627	—	—	5,559,627	4,315,269
Inventories (note 3)	461,821	—	—	461,821	442,910
Prepaid expenses	221,360	—	—	221,360	124,879
	7,614,314	820,504	197,838	8,632,656	7,888,486
Capital assets (note 4)	—	29,260,780	—	29,260,780	30,166,042
Other receivable :					
Retirement allowance (note 7)	4,193,608	—	—	4,193,608	2,715,577
	$ 11,807,922	$ 30,081,284	$ 197,838	$ 42,087,044	$ 40,770,105

LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS

	Operating Fund	Capital Fund	Restricted Fund	2002 Total	2001 Total
Current liabilities:					
Accounts payable and accrued liabilities (note 5)	$ 6,136,558	$ 325,352	$ —	$ 6,461,910	$ 5,190,036
Deferred revenue	1,477,756	—	—	1,477,756	1,442,151
	7,614,314	325,352	—	7,939,666	6,632,187
Other liability:					
Retirement allowance (note 7)	4,193,608	—	—	4,193,608	2,715,577
Deferred contributions related to capital assets (note 6)		29,174,080	—	29,174,080	30,647,860
Fund balances:					
Investment in capital assets	—	581,852	—	581,852	581,852
Internally restricted	—	—	197,838	197,838	192,629
	—	581,852	197,838	779,690	774,481
	$ 11,807,922	$ 30,081,284	$ 197,838	$ 42,087,044	$ 40,770,105

See accompanying notes to financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Operations
Year ended March 31, 2002, with comparative figures for the three months ended March 31, 2001

	Operating Fund	Capital Fund	Restricted Fund	2002 Total	2001 Total
Revenue:					
Department of Health and Community Services	$ 33,628,341	$ —	$ —	$ 33,628,341	$ 8,399,088
Department of Health:					
Contract settlements	2,234,543	—	—	2,234,543	167,157
Retirement allowance funding	441,609	—	—	441,609	77,079
Patient income	2,037,776	—	—	2,037,776	414,570
Dietary recoveries	464,377	—	—	464,377	116,791
Foundations and auxiliaries	42,965	—	—	42,965	—
Rentals	67,844	—	—	67,844	17,799
Miscellaneous	86,608	—	—	86,608	3,418
Investment income	55,855	—	5,209	61,064	23,794
Amortization of deferred contributions (note 8)	—	2,082,710	—	2,082,710	591,200
Laundry recoveries	201,910	—	—	201,910	30,721
	39,261,828	2,082,710	5,209	41,349,747	9,841,617
Expenditures:					
Nursing services	16,080,400	—	—	16,080,400	3,554,780
Support services	8,015,991	—	—	8,015,991	1,939,843
Diagnostic and therapeutic	5,842,958	—	—	5,842,958	1,466,360
Administrative services	2,918,385	—	—	2,918,385	644,281
Medical services	198,750	—	—	198,750	54,307
Non-portable programs	5,090,422	—	—	5,090,422	1,331,148
Level III emergency services	50,690	—	—	50,690	13,534
Retirement allowance	441,609	—	—	441,609	77,079
Contract settlement - NSNU, CAW and CUPE	622,623	—	—	622,623	167,157
Amortization of capital assets	—	2,082,710	—	2,082,710	591,200
	39,261,828	2,082,710	—	41,344,538	9,839,689
Excess of revenue over expenditures, for the period	$ —	$ —	$ 5,209	$ 5,209	$ 1,928

See accompanying notes to the financial statements.

GUYSBOROUGH ANTIGONISH STRAIT HEALTH AUTHORITY

Statement of Changes in Net Assets
Year ended March 31, 2002, with comparative figures for the three months ended March 31, 2001

	Investment in capital assets	Internally restricted	2002 Total	2001 Total
Balance, beginning of period $	581,852 $	192,629 $	774,481 $	772,553
Excess of revenue over expenditures	—	5,209	5,209	1,928
Balance, end of period	581,852 $	197,838 $	779,690 $	774,481

Statement of Cash Flows
Year ended March 31, 2002, with comparative figures for the three months ended March 31, 2001

Cash provided by (used for):	2002	2001
Operations:		
Excess of revenue over expenditure $	5,209 $	1,928
Items not involving cash:		
Amortization of capital assets	2,082,710	591,200
Amortization of deferred contributions related to capital assets	(2,082,710)	(591,200)
Changes in non-cash operating working capital:		
Increase in accounts receivable	(1,244,358)	(865,057)
Increase in inventories	(18,911)	(575)
Decrease (increase) in prepaid expenses	(96,481)	69,931
Increase in accounts payable and accrued liabilities	1,271,874	200,102
Increase in deferred revenues	35,605	1,363,105
	(47,062)	769,434
Financing and investing activities:		
Additions to capital assets	(1,177,448)	(139,187)
Additions to deferred contributions related to capital assets	608,930	1,143,456
	(568,518)	1,004,269
Increase (decrease) in cash	(615,580)	1,773,703
Cash, beginning of period	3,005,428	1,231,725
Cash, end of period $	2,389,848 $	3,005,428

See accompanying notes to the financial statements.

On June 8, 2000, Bill #34 - The Health Authorities Act, received Royal Assent. This legislation abolished Regional Health Boards and replaced them with District Health Authorities. The effects on the former Eastern Regional Health Board were as follows: St. Martha's Regional Hospital, Strait Richmond Hospital, Guysborough Memorial Hospital, Eastern Memorial Hospital and St. Mary's Memorial Hospital formed District Health Authority #7 and Inverness Consolidated Memorial Hospital, Sacred Heart Healthcare Centre, Victoria County Memorial Hospital and Buchanan Memorial Healthcare Centre joined with the Cape Breton Healthcare Complex to form District Health Authority #8. As a result of this legislation, the Eastern Regional Health Board ceased operations effective December 31, 2000 and was replaced by District Health Authority #7 on January 1, 2001.

On March 23, 2001 the District Board of the Health Authority #7 changed its name to operate as the Guysborough Antigonsh Strait Health Authority.

The Health Authority's principal activity is to operate and manage designated hospitals and other health related activities within the Eastern Region of Nova Scoita.

1. Significant accounting policies:

a) Revenue Recognition

The Health Authority follows the deferral method of accounting for contributions which include donations and government grants.

The Health Authority is funded primarily by the Province of Nova Scotia in accordance with budget arrangements established by the Department of Health. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized on a straight-line basis, at a rate corresponding with the depreciation rate for the related capital asset.

Investment income (restricted and unrestricted) is recognized as revenue when earned.

b) Marketable securities:

Marketable securities are valued at the lower of cost or market value.

c) Inventories:

Inventories are valued at cost.

d) Restricted:

Funds donated from outside agencies or individuals which have been designated for a specific purpose have been restricted.

e) Capital assets:

Capital assets are stated at cost.

Capital assets are amortized on the straight-line basis using the following annual rates:

Asset	**Rates**
Building and land improvements	2.5%, 4%
Major equipment	5%, 6.67%, 10%, 20%

2. Accounts receivable:

	2002	**2001**
Patient services	$ 489,523	$ 444,535
Department of Health:		
Final settlement (March 31, 2002)	515,499	—
Final settlement prior	—	958,736
Vacation liability	1,331,500	1,331,500
Nursing strategy	102,298	—
Special maintenance	186,780	—
Hospital Information System project	306,512	—
Contract settlement	1,652,698	604,824
Other (Public Health and Addiction Services)	101,125	138,036
Retirement allowance payouts	96,993	—
TSP Program	—	318,458
Nova Scotia Medical Insurance Services (M.S.I.)	71,104	—
Hospital Foundations (note 10)	11,000	16,057
Harmonized sales tax	285,010	221,346
Sundry	84,233	91,760
Cape Breton District Health Authority	—	190,017
Due from capital fund	325,352	—
	$ 5,559,627	$ 4,315,269

3. Inventories:

	2002	**2001**
Medical and surgical	$ 117,747	111,115
Drugs	213,446	196,959
Intravenous	8,253	6,036
Maintenance	14,841	19,927
Food	10,500	10,500
General	97,034	98,373
	$ 461,821	$ 442,910

4. Capital assets:

			2002	**2001**
	Cost	**Accumulated amortization**	**Net Book Value**	**Net Book Value**
Land	$ 581,852	$ —	$ 581,852	$ 581,852
Buildings	41,350,026	15,507,837	25,842,189	26,901,651
Equipment	17,703,174	14,866,435	2,836,739	2,682,539
	$ 59,635,052	$ 30,374,272	$ 29,260,780	$ 30,166,042

5. Accounts payable and accrued liabilities:

	2002	2001
Accounts payable and accrued liabilities	$ 2,804,929	$ 2,288,307
Accrued payroll:		
Salaries	1,035,719	719,382
Vacation pay	1,519,642	1,531,934
Contract settlement	622,623	604,824
Due to hospital foundations (note 10)	—	1,017
Equipment payable	10,722	44,572
Cape Breton District Health Authority	142,923	—
Due to operating fund	325,352	—
	$ 6,461,910	$ 5,190,036

6. Deferred contributions for capital assets:

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. The changes in the deferred contributions balance during the year are as follows:

	2002	2001
Balance, beginning of period	$ 30,647,860	$ 30,095,602
Additional contributions received	608,930	1,143,458
Amounts amortized to revenue	(2,082,710)	(591,200)
Balance, end of period	$ 29,174,080	$ 30,647,860

The balance of unamortized capital contributions related to capital assets consists of the following:

	2002	2001
Unamortized capital contributions used to purchase assets	$ 28,678,928	$ 29,584,190
Unspent contributions	495,152	1,063,670
	$ 29,174,080	$ 30,647,860

7. Retirement allowance:

In the prior year, the Department of Health requested that Nova Scotia District Health Authorities recognize in their financial statements both the liability for retiring allowances and the related commitment by the Department of Health to fund same.

To promote consistency amongst Authorities the Department engaged consulting actuaries to quantify for each Health Authority the retiring allowance liability and expense for years up to March 31, 2002 along with a projection of the expense and liability for the fiscal year ended March 31, 2003.

In compliance with the Department's request District Health Authority, have recorded the following in respect of retiring allowances accrued up to March 31, 2002:

	2002	2001
Opening balance	$ 2,715,577	$ 2,638,804
Retiring allowance expense computed with reference to the actuarial projection of expense for the period	441,609	76,773
Actuarial allocation adjustment	1,131,522	—
Retirement allowance payouts (estimated)	(95,100)	—
Funding receivable from the Department for the actual projected liability	$ 4,193,608	$ 2,715,577

8. **Invested in capital assets:**

a) Investment in capital assets is calculated as follows:

	2002	2001
Capital assets	$ 29,260,780	$ 30,166,042
Amounts financed by:		
Deferred contributions - spent	28,678,928	29,584,190
	$ 581,852	$ 581,852

b) Changes in net assets invested in capital assets is calculated as follows:

	2002	2001
Excess of expenses over revenue:		
Amortization of deferred contributions related to capital assets	$ 2,082,710	$ 591,200
Amortization of capital assets	(2,082,710)	(591,200)
	$ —	$ —
Net change in investment in capital assets:		
Capital assets acquired	$ 1,177,448	$ 139,187
Amounts funded by deferred contributions	(1,177,448)	(139,187)
	$ —	$ —

9. **Accounts with the Department of Health:**

The Health Authority has the following accounts with the Department of Health:

	2002	2001
Accounts receivable:		
Retirement allowance	$ 4,193,608	$ 2,715,577
Final settlements	515,499	958,736
Vacation liability	1,331,500	1,331,500
Nursing strategy	102,298	—
Special maintenance	186,780	—
Hospital Information System project	306,512	—
Contract settlement	1,652,698	604,824
Other (Public Health and Addiction Services)	101,125	138,036
Retirement allowance payouts	96,993	—
TSP Program	—	318,458
	$ 8,487,013	$ 6,067,131

Collectability of the estimated receivable is dependent on obtaining approval for certain expenditures.

The adjustment, if any, on the ultimate settlement of the above amounts will be accounted for as a charge to or credit against income in the period in which settlement occurs.

10. **Related parties:**

The Health Authority is related to St. Martha's Regional Hospital Foundation, Guysborough Memorial Hospital Foundation, Strait Richmond Hospital Charitable Foundation and St. Mary's Memorial Hospital Society. The Foundations' primary purpose is to raise funds to assist in the construction of and the supply of certain equipment for the Health Authority.

The following amounts were due from or to the Foundations as at March 31:

		2002		2001
Due from Hospital Foundations:				
St, Martha's Regional Hospital Foundation	$	11,000	$	—
Guysbourough Memorial Hospital Foundation		—		1,131
St. Mary's Memorial Hospital Society		—		14,926
	$	11,000	$	16,057
Due to Hospital Foundation:				
Strait Richmond Hospital Charitable Foundation	$	—	$	1,017

During the year ended March 31, 2002 the following amounts were received from the Foundations to purchase equipment:

		2002		2001
St. Martha's Regional Hospital Foundation	$	119,656	$	42,643
St. Martha's Regional Hospital Auxiliary		59,946		—
Strait Richmond Hospital Foundation		84,796		—
Guysbourough Memorial Hospital Foundation		7,589		27,689
Guysborough Memorial Hospital Auxiliary		7,589		—
	$	279,576	$	70,332

11. Contingencies:

a) Law Suit

The Health Authority has been named a defendant in three law suits.

The outcome of the matters is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

Management is of the opinion that the Province of Nova Scotia, Department of Health and Community Services, will provide the necessary funding to meet obligations, if any, which may result from the legal actions.

b) Funds required to settle labour dispute:

The financial statements contain an accrual for the expected cost of contract settlement with the Nova Scotia Government Employees Union, the Canadian Automobile Workers Union and the Canadian Union of Public Employees in respect of retroactive amounts owing from April 1, 2001 to March 31, 2002. The estimate was based on assumptions as provided by the Department of Health based on expected settlements, see below. The actual cost of settlement may differ from that accrued in the financial statements once the contracts have been officially settled and ratified. Any differences will be recognized in the period of settlement. It is the Department of Health's position that any costs associated with the settlement will be financed by the Department and therefore there is no effect on net income.

Assumptions (for all unions):

	Rates	Lump Sum
Nursing (RN, BN)	7%, 5%, 5%	None
Nursing (LPN)	2%, 3.5%, 2%	$1,500
Healthcare workers:		
Technical	2%, 3.5%, 2%	$1,500
Clerical & support	2%, 2%, 2%	None

Non-wage items are estimated to be 1.25% of base salary. Benefits are estimated at 16% of gross amount.

12. Comparative figures:

Certain March 31, 2001 figures have been reclassified to confirm to the presentation adopted for the current year.

AUDITORS' REPORT

To the Chairman and Commissioners of the
Halifax-Dartmouth Bridge Commission:

We have audited the balance sheets of Halifax-Dartmouth Bridge Commission as at December 31, 2001 and 2000 and the statements of income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

LEVY CASEY CARTER MACLEAN
Chartered Accountants

Halifax, Nova Scotia
February 8, 2002

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Balance Sheet
December 31, 2001

	2001	2000 (in thousands)
ASSETS		
Current		
Cash (note 1 (e))	$ 4,014	$ 3,851
Receivables		
Trade	7	4
Accrued interest	8	29
Recoverable HST (note 2)	170	116
Prepaid expenses	149	140
	4,348	4,140
Deferred financing costs and discounts, net of accumulated amortization of $3,439 (2000 - $2,597) (note 1 (d))	4,983	5,825
Deferred transponder charges, net of accumulated amortization of $77 (2000 - $11) (note 9)	581	646
Capital assets (note 3)	77,990	76,605
Restricted assets (note 4)		
Investment - OMA Fund	1,425	1,368
Investment - Debt Service Fund	2,975	3,061
Investment - Capital Fund	6,394	3,092
Investment - Sinking Fund	4,231	2,048
	$ 102,927	$ 96,785
LIABILITIES		
Current		
Payables and accruals	$ 464	$ 362
Capital project holdbacks payable	367	407
Accrued interest payable	456	456
Refundable customer transponder amounts (note 9)	1,007	744
Deferred revenue (note 1(b) and 5)	2,512	2,361
	4,806	4,330
Long-term debt (note 6)	123,000	123,000
DEFICIT		
Reserve for restricted assets (note 4)	15,025	9,569
Deficit	(39,904)	(40,114)
	(24,879)	(30,545)
	$ 102,927	$ 96,785

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Statement of Income and Deficit
year ended December 31, 2001

	2001	2000
		(in thousands)
Revenue		
Toll revenue (note 1(b))	$ 22,102	$ 22,500
Other rate charges	135	114
Investment and sundry income		
OMA , Debt Service, Capital and Sinking Funds	648	338
Other	259	184
	23,144	23,136
Expenses		
Operating expenses	1,202	1,185
Maintenance expenses	2,229	2,344
Administrative expenses	1,918	1,742
Amortization of capital assets	4,169	5,104
Amortization of deferred transponder charges	65	11
Interest on long-term debt and amortization of deferred financing costs (note 7)	7,895	8,164
	17,478	18,550
Net income	5,666	4,586
Deficit, beginning of year	(40,114)	(39,436)
	(34,448)	(34,850)
Appropriation to restricted asset reserve	(5,456)	(5,264)
Deficit, end of year	$ (39,904)	$ (40,114)

HALIFAX - DARTMOUTH BRIDGE COMMISSION

Statement of Cash Flows
year ended December 31, 2001

	2001	2000
	(in thousands)	
Operating Activities		
Net income	$ 5,666	$ 4,586
Amortization of capital assets	4,169	5,104
Amortization of deferred transponder charges	65	11
Amortization of debt discount and refinancing costs	842	842
Loss (gain) on disposal of capital assets	7	(14)
	10,749	10,529
Net change in non-cash operating balances (note 8)	431	(654)
	11,180	9,875
Investing Activities		
Proceeds from disposal of capital assets	27	20
Investment in capital fund investments	(3,302)	(3,092)
Investment in sinking fund investments	(2,183)	(2,048)
Increase in OMA fund investments	(57)	(39)
Decrease (increase) in Debt Service Fund investments	86	(86)
Purchase of capital assets	(5,588)	(1,177)
	(11,017)	(6,422)
Increase in cash during year	163	3,453
Cash, beginning of year	3,851	398
Cash, end of year	$ 4,014	$ 3,851

Notes to Financial Statements
December 31, 2001

1. Significant Accounting Policies

a) Basis of financial statement presentation

The Commission, which is a provincially controlled public sector entity, is reporting as a government business enterprise as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants. Government business enterprises are required to use generally accepted accounting principles for profit-oriented entities, which is the basis under which these financial statements are prepared.

b) Revenue recognition

The Commission recognizes revenue at the time a vehicle crosses a bridge. The Commission's bridge toll rates are regulated by the Nova Scotia Utility and Review Board.

c) Amortization of capital assets

Amortization is calculated using the declining balance (d.b.) method, except for bridge structures, buildings, some bridge components, and transponders which are being depreciated using the straight line (s.l.) method, at rates based on the estimated useful life of the assets, as indicated in note 3. Amortization commences in the year an asset is put in use. The Commission periodically updates the estimated remaining useful life of the bridges based on consultation with the Commission's external consulting engineers.

d) Amortization of financing costs

The financing costs, discounts and hedge costs are being amortized on a straight line basis over the term of the Toll Revenue Bonds Series 1, to December, 2007.

e) Cash and cash equivalents

Cash consists of funds held in the current bank account. Interest is received on funds in the general bank account at a rate of Prime minus 1.75%.

2. Harmonized Sales Tax (HST) and Income Tax Status

As a public sector entity controlled by the Province of Nova Scotia, the Commission is not subject to Federal or Provincial income taxes, and is entitled to rebates of 100% of the HST it expends on goods and services.

3. Capital Assets

		2001			2000
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
				(in thousands)	
Land		$ 5,735	$ ---	$ 5,735	$ 5,735
Buildings	40 yrs s.l.	2,007	1,301	706	707
Bridge and bridge components					
A.L. Macdonald Bridge	20 to 85 yrs s.l.	66,818	13,336	53,482	56,069
A.M. MacKay Bridge	15 to 80 yrs s.l.	23,598	8,789	14,809	10,886
Electronic toll transponders	10 yrs s.l.	668	57	611	323
Computer equipment	30% d.b.	498	315	183	112
Toll and other equipment	20% d.b.	6,099	3,853	2,246	2,589
Mobile equipment	30 % d.b.	844	626	218	184
		$ 106,267	$ 28,277	$ 77,990	$ 76,605

4. Restricted assets

Under the terms of a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company providing for the issue of Toll Revenue Bonds Series 1, so long as such Bonds are outstanding, the Commission must maintain four reserve funds, which will be funded from the revenues of the Commission, after payment of current operating, maintenance, and administrative expenses. With the exception of the capital fund, the reserve funds are held and invested by the trustee on behalf of the Commission.

The operating, maintenance, and administrative (OMA) fund must be maintained at an amount at least equal to 25% of the annual budgeted OMA expenses for the year. This fund can only be used to pay OMA expenses, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2001, the OMA fund had a market value of $1,425 and was invested in cash and Government of Canada Treasury Bills maturing in June 2002 with a yield of 1.95%.

The debt service fund must be maintained at a amount at least equal to 50% of annual interest payments required in respect of certain indebtedness, net of interest earned by the Commission in the year. This fund can only be used to pay principal, interest, and fees in respect of Toll Revenue Bonds, although any amount in the fund in excess of the required balance can be transferred to the Commission's unrestricted accounts. At December 31, 2001, the debt service fund had a market value of $2,975 and was invested in cash and Government of Canada Treasury Bills maturing in June 2002 with a yield of 1.95%.

The Commission must make quarterly contributions of $500 to the sinking fund, commencing the first quarter of the year 2000. This fund can only be used to pay amounts owing in respect of the principal or interest on the Toll Revenue Bonds. At December 31, 2001, the sinking fund had a market value of $4,327 and was invested in various federal and provincial bonds maturing in 2007 with yields of 5.22% to 6.68%.

The Commission must make quarterly contributions of $750 to the capital fund, commencing the first quarter of the year 2000. This fund can only be used to pay amounts owing in respect of the principal or interest on the Toll Revenue Bonds, or for the maintenance of, or improvements to, the bridges. At December 31, 2001, the capital fund had a market value of $6,497 and was invested in various federal, provincial and corporate bonds maturing in 2007 and 2012 with yields of 6.08% to 6.68%.

5. Deferred Revenue

	2001	2000
	(in thousands)	
Unredeemed Tokens	$ 1,708	$ 1,705
Electronic Toll Collection (ETC) Accounts	804	656
	$ 2,512	$ 2,361

Token sales are recorded as deferred revenue until the tokens are used by customers, at which time, revenue is recognized.

Customers prepay their ETC crossings. When the customer crosses a bridge, revenue is recognized and the deferred ETC account is reduced accordingly.

6. Long-term debt

	2001	2000
	(in thousands)	
5.95% Toll Revenue Bonds Series 1, maturing December 4, 2007, with interest payable in semi-annual payments. The Bonds are secured by an assignment of the revenues of the Commission; subject to the prior payment of operating, maintenance and administrative expenses, and the maintenance of certain reserve funds by the Commission pursuant to a trust indenture dated November 27, 1997 between the Commission and CIBC Mellon Trust Company (see note 4).	$ 100,000	$ 100,000
90 day B.A. rate + 3/10 of 1% line of credit, maturing the day following the date principal and interest are repaid in full on the Toll Revenue Bonds Series 1. This facility is a committed revolving credit of $30,000. Interest is payable annually. This debt is subordinated to the payment in full of all amounts from time to time owing to the holders of the Toll Revenue Bonds Series 1 under the Trust Indenture (see note 4). No amounts of principal or interest shall be paid by the Commission on this debt if the Commission is in default of payment of OMA expenses, principal, or interest on the Toll Revenue Bonds Series 1, amounts due to be deposited into OMA Fund, Debt Service Fund, Sinking Fund, or Capital Fund, or amounts of principal and interest due under any other indebtedness of the Commission.	23,000	23,000
	$ 123,000	$ 123,000

The estimated fair market value of the $100,000 fixed rate long-term debt, based on the quoted market price for the same issue at December 31, 2001, is $102,700.

Payments required to the Sinking Fund and Capital Fund (see note 4) over the next five years are as follows:

2002	$	5,000
2003	$	5,000
2004	$	5,000
2005	$	5,000
2006	$	5,000

7. Interest on long-term debt and amortization of deferred financing costs

		2001		2000
		(in thousands)		
Interest on long-term debt				
Toll Revenue Bonds	$	5,950	$	5,950
Line of Credit		1,103		1,372
Amortization of deferred financing costs and discounts		842		842
	$	7,895	$	8,164

8. Net change in non-cash operating balances

		2001		2000
		(in thousands)		
Increase (decrease) in cash from changes in:				
Receivables	$	(36)	$	783
Transponder inventory		---		159
Prepaid expenses		(9)		5
Payables and accruals		62		(1,757)
Customer transponder amounts		263		87
Deferred revenue		151		69
	$	431	$	(654)

9. Transponders

In 2000, the Commission changed its business policy on the issuance of electronic toll transponders, whereby instead of recognizing the issuance of a transponder to a customer as a sale, it accepted a refundable deposit for all issuances of transponders to customers. The Commission has, therefore, recorded a liability for all payments received on transponders issued to customers to date. The cost of all transponders issued to customers prior to the change in policy has been recorded as a deferred charge. The cost of all transponders purchased for issue to customers after the change in policy has been recorded as capital assets (see Note 3). In both cases, the transponders are being amortized on a straight-line basis to 2010.

10. Pension plan

The Commission sponsors a defined contribution pension plan for all their permanent employees. No future contributions are required in respect of past service at December 31, 2001. The Commission recognized an expense of $61 for pension contributions during the year ($54 for 2000).

11. Retirement Benefits

Generally accepted accounting principles require entities to accrue all employee future benefits. The Commission's policy is that all employees who retire at age 60 or later, or who become disabled at any age, will be paid a retirement benefit equal to one months salary for their first ten years of service, plus one months salary for each additional full five years of service. The benefit is based on the salary in effect at the time of retirement. The Commission has recorded a liability of $149 (2000 - $131) in retirement benefits as at December 31, 2001. The amount of $18 was charged to administrative and maintenance expenses for the year (2000 - $131) in this regard.

12. Incorporation

The Halifax-Dartmouth Bridge Commission is incorporated by Special Statute of the Province of Nova Scotia. The purposes of the Commission are to construct, maintain, and operate bridges and their necessary approaches across Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

13. Additional Credit Facility

The commission has a $5,000 operating loan facility with a chartered bank, which bears interest at prime rate minus .5% per year. The operating facility is subject to annual review and is unsecured. As at December 31, 2001, no advances were outstanding.

AUDITORS' REPORT

To the Chairperson and Members of the Board of
The Halifax Regional School Board

We have audited the consolidated balance sheet of the Halifax Regional School Board as at March 31, 2002, and the consolidated statement of operations for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations for the year then ended in accordance with accounting principles generally accepted for school boards in Nova Scotia.

GRANT THORNTON LLP
Chartered Accountants

Dartmouth, Nova Scotia
June 10, 2002

HALIFAX REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31

ASSETS

	2002	(Restated) 2001
Current		
Cash	$ 2,342,357	$ —
Receivables	5,425,371	5,318,650
Prepaids	633,816	65,960
	8,401,544	5,384,610
Service awards receivable (Note 3)	47,496,000	45,582,000
Capital assets (Note 2[b])		
Improvements to school properties	18,951,150	20,649,923
Interest in school buildings	89,442,758	89,442,758
Furniture, equipment, vehicles and renovations	3,218,770	5,059,784
	111,612,678	115,152,465
	$ 167,510,222	$ 166,119,075

LIABILITIES

	2002	(Restated) 2001
Current		
Bank Indebtedness (Note 7)	$ —	$ 1,250,168
Payables and accruals	5,752,375	2,769,418
Deferred revenue	1,385,747	1,389,969
	7,138,122	5,409,555
Long term		
Service award liability (Note 3)	47,496,000	45,582,000
Due to Trust Funds	48	1,793
	54,634,170	50,993,348

EQUITY

	2002	(Restated) 2001
Surplus (deficit)		
General Fund (Page 149)	—	(607,701)
Supplementary Fund (Page 150)	114,204	(121,009)
Investment in capital assets(Page 151)	111,612,678	115,152,465
Reserve funds (Page 151)	1,149,170	701,972
	112,876,052	115,125,727
	$ 167,510,222	$ 166,119,075

Commitments (Note 5)
Contingencies (Note 6)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Consolidated Statement of Operations
Year ended March 31, 2002

	2002 Budget	2002 Actual	(Restated) 2001 Actual
Revenue			
Province of Nova Scotia	$ 208,569,000	$ 215,370,487	$ 204,458,551
Halifax Regional Municipality			
Mandatory	59,601,000	59,601,200	59,658,345
Supplementary	20,142,000	20,141,900	19,297,100
Government of Canada	1,956,000	2,071,221	1,670,727
Board operations	3,734,000	3,388,572	4,094,346
Transfer from Reserve Funds	702,000	701,972	500,000
	294,704,000	301,275,352	289,679,069
Expenditure			
School services	241,181,000	244,036,168	239,666,523
Regional board management	1,603,000	1,730,577	1,488,952
Business services	47,664,000	49,307,662	44,057,193
Corporate services	4,256,000	4,208,861	3,708,139
Transfer to Reserve Funds	—	1,149,170	701,972
	294,704,000	300,432,438	289,622,779
Excess of revenue over expenditure	—	842,914	56,290
Prior year's deficit	—	(728,710)	(785,000)
Excess (deficiency) of expenditure over revenue	$ —	$ 114,204	$ (728,710)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

General and Supplementary Fund
Balance Sheet
March 31

ASSETS

	2002	(Restated) 2001
Current		
Cash	$ 2,342,357	$ —
Receivables		
Government of Canada	524,758	291,898
Province of Nova Scotia	2,416,512	2,795,006
Commodity taxes	1,648,620	734,931
Other	835,481	1,496,815
Prepaids	633,816	65,960
	8,401,544	5,384,610
Service awards receivable (Note 3)	47,496,000	45,582,000
	$ 55,897,544	$ 50,966,610

LIABILITIES

	2002	2001
Current		
Bank indebtedness (Note 7)	$ —	$ 1,250,168
Payables and accruals	5,752,375	2,769,418
Deferred revenue	1,385,747	1,389,969
	7,138,122	5,409,555
Long term		
Due to Trust Funds	48	1,793
Due to Reserve Funds	1,149,170	701,972
Service award liability (Note 3)	47,496,000	45,582,000
	48,645,218	46,285,765
	55,783,340	51,695,320

EQUITY

	2002	2001
Surplus (deficit)		
General Fund (Page 149)	$ —	(607,701)
Supplementary Fund (Page 150)	114,204	(121,009)
	114,204	(728,710)
	$ 55,897,544	$ 50,966,610

Commitments (Note 5)
Contingencies (Note 6)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Statement of Operations
Year ended March 31

	Page	2002 Budget	2002 Actual	(Restated) 2001 Actual
Revenue				
Province of Nova Scotia	156	$ 208,569,000	$ 215,370,487	$ 204,458,551
Halifax Regional Municipality	156	59,601,000	59,601,200	59,658,345
Government of Canada	156	1,956,000	2,071,221	1,670,727
Board Operations	156	3,734,000	3,388,572	4,094,346
Transfer from Reserve Fund		—	—	500,000
Transfer from Supplementary Fund		—	—	635,000
		273,860,000	280,431,480	271,016,969
Expenditure				
School services	156-157	220,814,000	223,904,509	220,058,667
Regional board management	158	1,603,000	1,730,577	1,488,952
Business services	158-159	47,187,000	48,830,662	45,143,730
Corporate services	159	4,256,000	4,208,861	4,148,321
Transfer to Reserve Fund		—	1,149,170	—
		273,860,000	279,823,779	270,839,670
Excess (deficiency) of revenue over expenditure		—	607,701	177,299
Prior year's deficit		—	(607,701)	(785,000)
Excess (deficiency) of revenue over expenditure		$ —	$ —	$ (607,701)

General Fund
Statement of Continuity of Surplus
Year ended March 31

	2002	2001
Balance, beginning of year	$ (607,701)	$ (785,000)
Excess of expenditure over revenue	—	(607,701)
Transfer of prior year's deficit to statement of operations	607,701	785,000
Balance, end of year	$ —	$ (607,701)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Fund
Statement of Operations and Surplus
Year Ended March 31

		2002		2001
	Page	Budget	Actual	Actual
Revenue				
Halifax Regional Municipality	160 - 162	$ 20,142,000	$ 20,141,900	$ 19,297,100
Transfer from Reserve Fund		702,000	701,972	—
		20,844,000	20,843,872	19,297,100
Expenditure				
School services	160 - 162	20,247,000	20,131,659	17,636,137
Student transportation	160 - 162	75,000	75,000	105,000
Administration allocation	160 - 162	402,000	402,000	340,000
Transfer to General Fund	160 - 162	—	—	635,000
Transfer to Reserve Fund	160 - 162	—	—	701,972
		20,724,000	20,608,659	19,418,109
Excess (deficiency) of revenue over expenditure		120,000	235,213	(121,009)
Prior year's deficit		(120,000)	(121,009)	—
Excess (deficiency) of revenue over expenditure		$ —	$ 114,204	$ (121,009)

Capital Fund
Balance Sheet
March 31

ASSETS

	2002	2001
Improvements to school properties (Note 2[b])	$ 18,951,150	$ 20,649,923
Interest in school buildings (Note 2[b])	89,442,758	89,442,758
Furniture and equipment	3,218,770	5,059,784
	$ 111,612,678	$ 115,152,465

EQUITY

	2002	2001
Investment in capital assets (Page 151)	$ 111,612,678	$ 115,152,465

Commitments (Note 5)
Contingencies (Note 6)

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Capital Fund
Investment in Capital Assets
Year ended March 31

	2002	2001
Balance, beginning of year	$ 115,152,465	$ 122,412,214
Capital purchases out of revenue		
Equipment and furnishings	39,514	—
Improvements	268,875	361,826
	308,389	361,826
	115,460,854	122,774,040
Capital assets written off		
Equipment and furnishings	1,880,528	5,966,310
Improvements	1,967,648	—
Energy Management System	—	1,655,265
	3,848,176	7,621,575
	$ 111,612,678	$ 115,152,465

Reserve Funds
Balance Sheet
March 31

	2002	2001
ASSETS		
Due from General Fund	$ 1,149,170	$ —
Due from Supplementary Fund	—	701,972
	$ 1,149,170	$ 701,972
EQUITY		
Reserve Funds (Page152)	$ 1,149,170	$ 701,972

See accompanying notes to the consolidated financial statements.

HALIFAX REGIONAL SCHOOL BOARD

Reserve Funds (Note 9)
Statement of Continuity of Reserves
Year ended March 31

				2002	2001
	General Fund	Program Resources	Supplementary Fund	Total	Total
Balance, beginning of year	$ —	$ —	$ 701,972	$ 701,972	$ 500,000
Transfers from (to) General Fund	631,966	517,204	—	1,149,170	(500,000)
Transfer (to) from Supplementary Fund	—	—	(701,972)	(701,972)	701,972
Balance, end of year	$ 631,966	$ 517,204	$ —	$ 1,149,170	$ 701,972

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
March 31, 2002

1. Nature of operations

The Halifax Regional School Board manages education programs and finances of public schools within the Halifax Regional Municipality.

2. Significant accounting policies

(a) Basis of accounting and consolidation

The consolidated balance sheet is presented using the principles of consolidation prescribed by the Department of Education. The consolidated balance sheet includes the accounts of the general, supplementary, capital, and reserve funds. Trust funds are not included in the consolidation. For a detailed review the reader should refer to the financial statements of each fund as presented in these financial statements. The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis except for salaries, which are recorded as an expense when paid.

(b) Capital fund assets

Capital fund assets transferred from municipal councils are recorded at their carrying value. Prior to 2001, all improvements to school properties and acquisitions of furniture and equipment were recorded at cost. Commencing in 2001, the Board adopted the Province of Nova Scotia's Tangible Capital Assets Accounting Policy thresholds and only those assets meeting the thresholds are recorded as additions. These thresholds are as follows:

Buildings	$	250,000
Leasehold improvements	$	250,000
Computer hardware	$	25,000
Motor vehicles	$	15,000
Major equipment	$	50,000

Assets were written off in accordance with the criteria prescribed by the Department of Education. The Board does not record depreciation on its assets.

Under the agreement with the municipal councils, all school building and land on hand at January 1, 1982 remain assets of the municipality but are under the operational control of the Board until such time as the Board no longer requires the asset for school purposes. At that time control will revert back to the municipal councils.

The Board has made additions to school buildings, legal title to which is held by the Halifax Regional Municipality. Under the Education Act, should the buildings in question be disposed of, the Board will be entitled to a portion of any net proceeds of disposition.

(c) Trust funds

The trust funds represent capital contributed in trust on which the income thereon is used to provide scholarships for eligible students.

(d) Use of estimates

In preparing the Board's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts by fund of revenue and expenditure. Actual results could differ from these estimates.

3. Service awards

Qualifying employes receive a service award upon retirement, disability, death or termination, when entitled to a vested pension, under the contracts between unions and the predecessor boards. The contracts prescribe the formulae used in calculating the payment as well as the period over which payment is to be made.

During the year ended March 31, 2002, the Board paid $2,910,139 (2001 - $1,514,060) in service awards to retiring employees.

The Province of Nova Scotia assumed responsibility for the payment of service award to qualifying employees effective April 1, 2002 and all school boards in Nova Scotia are now required to recognize the projected liability with respect to these service awards. The projected liability is offset by a receivable from the Province. The amount of the projected liability has been determined by the Nova Scotia Department of Finance, based on an actuarial valuation. Beginning in fiscal 2003, school boards will be required to remit 1% of their annual payroll to the Province as a result of the Province assuming the responsibility for the payment of these service awards.

The transfer of the service award responsibility to the Province of Nova Scotia is a change in accounting policy and the 2001 financial statements have been restated to reflect this change. Other revenue received from the Province of Nova Scotia has been increased by $3,522,000 and the benefits expense by the same amount. The March 31, 2001 balance sheet has been restated to include the service awards receivable of $45,582,000 and the corresponding service award liability.

4. Pension plans

(a) Teachers

The Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. The Board is not responsible for funding any deficiencies of this plan.

(b) Other

As of January 1, 2000 the pension plans covering non-teaching staff were transferred to the Halifax Regional Municipality Pension Plan.

5. Commitments

(a) The Board has entered into agreements to lease buildings and office equipment for various periods until 2008. The annual rent of the buildings includes a base rent plus a share of operating expenses. Minimum rent payable for the buildings and equipment is as follows:

	Buildings	Equipment	Total
2003	$ 198,250	$ 126,417	$ 324,667
2004	50,874	98,908	149,782
2005	50,874	—	50,874
2006	50,874	—	50,874
2007	50,874	—	50,874
2008	50,874	—	50,874
	$ 452,620	$ 225,325	$ 677,945

The Board is also committed to lease photocopiers. The payment is based on usage and, therefore, cannot be accurately estimated.

(b) The Board has contracted for the provision of transportation services until June 30, 2006. The cost of this contract approximates $10,368,000 per annum.

In addition, the Board is committed to spend an additional amount of approximately $295,000 for other transportation services in 2003.

(c) The Board is committed to pay management fees of approximately $89,000 for the five months ended August 31, 2002 to Perimis Inc. for services related to O'Connell Drive School.

6. Contingencies

The Board incurred expenditures relating to environmental matters in its properties during the year ended March 31, 2002. It is likely that such expenditures will continue in future years and will be funded as incurred. The future liability relating to environmental matters in its properties is not determinable at this time.

The Board has been named in a legal action by a student for the provision of educational services. The likely outcome and amount, if any, is not determinable at this time.

7. Bank indebtedness

The board has an operating line of credit of $3,000,000 with interest at prime. As at March 31, 2002, this line of credit had not been utilized.

8. Transfers to General Fund

As approved by the Department of Education, in the 1999 fiscal year the Board transferred $773,640 (1998 - $900,000) to other revenue of the General Fund. These transfers are repayable to the Reserve Fund but the time frame of the repayment is yet to be finalized and has not been reflected in these financial statements.

9. Reserve Funds

(a) Program Resources Reserve

The Program Resources reserve is earmarked specifically for schools. It relates to balances of school program resource budgets carried forward to subsequent years to enable schools to better manage and plan over the long term.

(b) General Fund Reserve

The General Fund Reserve is an allocation of the unrestricted General Fund surplus from 2001 - 2002 that has been established by the Board and earmarked by Board motion for several projects in the 2002 - 2003 fiscal year.

10. Related party transactions

These financial statements do not include certain expenditures paid and services provided on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments;
- P3 Schools and facilities leases and operating costs;
- Payments for the teachers' pension plan and medical premiums;
- Certain IT systems and support

11. Comparative figures

Certain of the comparative figures for 2001 have been reclassified to conform with the financial statement presentation adopted for 2002.

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Detail of Revenue
Year Ended March 31

	2002		(Restated) 2001
	Budget	**Actual**	**Actual**
Revenue			
Province of Nova Scotia			
Formula funding	$ 204,933,000	$ 204,746,100	$ 197,418,292
Provincial initiatives	1,986,000	1,839,428	1,465,831
Emergency capital	—	2,068,911	252,391
French special projects	177,000	148,308	136,285
Other	1,473,000	6,567,740	5,185,752
	$ 208,569,000	$ 215,370,487	$ 204,458,551
Halifax Regional Municipality			
Mandatory	$ 59,601,000	$ 59,601,200	$ 59,658,345
Government of Canada			
Adult ESL	$ 932,000	$ 807,212	$ 826,848
Minority official language	208,000	244,874	199,707
French special projects	445,000	371,032	340,498
Other	371,000	648,103	303,674
	$ 1,956,000	$ 2,071,221	$ 1,670,727
Board Operations			
Investment income	$ 540,000	$ 462,546	$ 459,818
Community education fees	96,000	133,557	205,268
Summer School Fees	135,000	141,015	137,316
Facilities rental	400,000	303,113	420,658
EXCEL	1,868,000	1,726,406	1,607,755
International Students	640,000	435,598	388,029
Other	55,000	186,337	875,502
	$ 3,734,000	$ 3,388,572	$ 4,094,346

General Fund
Detail of Expenditure
Year Ended March 31

	2002		(Restated) 2001
	Budget	**Actual**	**Actual**
School Services			
Teachers' salaries			
Classroom	$ 133,153,000	$ 133,248,126	$ 141,621,869
Special Ed	15,419,000	12,551,371	9,858,059
Teacher librarians	834,000	621,762	932,121
Guidance	3,168,000	3,119,341	2,178,210
Administrators	13,942,000	14,696,189	10,517,081
DOE increment settlement	—	1,508,574	—
	166,516,000	165,745,363	165,107,340
Substitutes	5,500,000	7,337,484	5,836,359

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Detail of Expenditure (continued)
Year Ended March 31

	2002		(Restated) 2001
	Budget	**Actual**	**Actual**
School Services (continued)			
Non-teachers' salaries			
Educational program assistants	10,634,000	10,832,078	11,040,870
Library technicians	199,000	212,420	549,792
School and administrative secretaries	4,539,000	4,594,096	4,643,728
Student support workers	—	—	82,921
Lunch and buss monitors	825,000	861,544	655,784
Tutors and security	286,000	228,198	206,121
	16,483,000	16,728,336	17,179,216
Benefits	16,175,000	18,796,266	17,711,896
Special education supplies and materials	87,000	79,847	172,677
Tuition agreements	150,000	156,416	101,988
Textbooks and classroom supplies			
School based and centrally managed materials	4,185,000	3,867,832	3,852,527
Textbook credit allocation	2,833,000	2,708,023	2,715,011
	7,018,000	6,575,855	6,567,538
Regional and area teams			
Teachers salaries	2,479,000	2,468,403	2,107,823
Non-teachers salaries	111,000	113,855	106,051
Benefits	266,000	218,491	184,025
Supplies	272,000	289,441	658,878
Information economy initiative - technicians	463,000	475,259	418,777
Information economy initiative - non-salary	176,000	377,872	807,294
	3,767,000	3,943,321	4,282,848
Professional Development			
PD leadership	343,000	440,757	—
PD days	1,140,000	989,176	518,500
Supplies and materials	328,000	254,477	288,982
	1,811,000	1,684,410	807,482
Community education projects	1,190,000	1,338,854	1,187,197
Other			
Telephones, data and fax lines	953,000	899,247	577,592
Travel	427,000	362,995	236,193
	1,380,000	1,262,242	813,785
Equipment and technology	737,000	256,115	290,341
	$ 220,814,000	$ 223,904,509	$ 220,058,667

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Detail of Expenditure (continued)
Year Ended March 31

	2002		2001
	Budget	**Actual**	**Actual**
Regional Board Management			
Board Members			
Honoraria	$ 112,000	$ 112,050	$ 104,761
NSSBA dues	146,000	146,182	79,784
Travel and conferences	53,000	54,210	36,000
Other	30,000	31,093	28,577
	341,000	343,535	249,122
Board Administration			
Salaries	710,000	707,658	740,555
Benefits	93,000	82,758	79,410
Supplies and materials	201,000	196,518	162,058
Professional services	238,000	382,772	240,119
Travel	20,000	17,336	17,688
	1,262,000	1,387,042	1,239,830
	$ 1,603,000	$ 1,730,577	$ 1,488,952
Business Services			
Board Administration			
Salaries	$ 2,117,000	$ 2,108,634	$ 1,849,654
Benefits	376,000	352,751	282,503
Supplies and materials	80,000	85,004	67,026
Liability insurance	223,000	228,018	203,260
Professional fees	40,000	41,499	25,463
Interest and service charges	331,000	244,159	318,969
Other	100,000	101,402	66,863
	3,267,000	3,161,467	2,813,738
Facilities and Grounds			
Salaries: Maintenance	1,830,000	1,327,038	1,757,988
Custodial	11,006,000	9,096,277	10,854,558
Benefits	2,984,000	2,355,476	2,767,560
Supplies and materials			
Maintenance	3,077,000	3,633,855	2,189,952
Custodial	650,000	1,000,129	681,596
Facilities rental	225,000	160,432	184,592
Travel and mileage	50,000	37,403	37,254
Insurance	370,000	380,392	344,640
Utilities: Electricity	3,500,000	3,768,745	3,593,437
Heating fuel	3,240,000	2,473,674	3,476,063
Water/sewer	550,000	769,888	585,316
Telephone/fax/data	125,000	112,226	117,108
Vehicles	275,000	373,654	222,574
Contracted services			
Maintenance	300,000	516,289	266,807
Snow removal	410,000	645,737	323,810
Garbage	450,000	591,211	486,317
Grass cutting	170,000	167,139	166,008
P3 school maintenance	235,000	212,671	237,286
Cleaning services	—	1,660,254	28,273
Other	—	386,589	57,874
	29,447,000	29,669,079	28,379,013

HALIFAX REGIONAL SCHOOL BOARD

General Fund
Detail of Expenditure (continued)
Year Ended March 31

	2002		2001
	Budget	Actual	Actual
Business Services (continued)			
Student transportation	11,200,000	11,024,200	11,112,398
Capital Repairs and Renovations	1,794,000	3,735,095	1,647,044
EXCEL program			
Salaries	1,271,000	1,179,143	1,009,268
Benefits	124,000	88,393	78,948
Supplies and materials	94,000	149,967	166,347
Other	111,000	31,297	20,148
	1,600,000	1,448,800	1,274,711
Facilities rentals			
Salaries	239,000	169,264	228,306
Benefits	18,000	20,338	28,520
Supplies and materials	24,000	4,419	—
	281,000	194,021	256,826
Administration recovery from Supplementary Fund	(402,000)	(402,000)	(340,000)
	$ 47,187,000	$ 48,830,662	$ 45,143,730
Corporate Services			
Board Administration			
Salaries	$ 1,176,000	$ 1,204,392	$ 1,226,777
Benefits	204,000	197,986	371,662
Supplies and materials	300,000	260,321	268,302
Professional services	80,000	6,042	41,818
Telephones	105,000	55,168	180,186
Other	217,000	340,628	10,605
	2,082,000	2,064,537	2,099,350
Staff Development			
Sabbaticals	800,000	606,154	795,883
Professional development	800,000	1,011,680	812,906
	1,600,000	1,617,834	1,608,789
International students program	386,000	348,571	234,026
Summer school	130,000	102,120	113,876
Community projects	58,000	75,799	92,280
	$ 4,256,000	$ 4,208,861	$ 4,148,321

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Fund - Halifax
Detail of Revenue and Expenditure
Year Ended March 31

	2002		2001
	Budget	Actual	Actual
Revenue			
Halifax Regional Municipality	$ 11,880,000	$ 11,879,941	$ 11,880,100
Expenditure			
School services			
Teachers' salaries			
Classroom	4,941,000	4,708,133	4,651,763
Special Ed	2,001,000	1,982,298	1,576,461
Guidance	18,000	40,650	15,722
Teacher administrators	738,000	810,189	634,708
Substitutes	245,000	230,009	324,446
Non-teachers' salaries			
Educational program assistants	910,000	828,085	790,010
Library technicians	744,000	742,940	720,796
School secretaries	127,000	177,932	82,090
Student support workers	60,000	59,871	111,677
Benefits	919,000	1,075,315	938,633
Textbooks and classroom supplies	781,000	739,552	1,481,681
	11,484,000	11,394,974	11,327,987
Student transportation	—	—	30,000
Administration allocation	238,000	238,000	238,000
Transfer to General Fund	—	—	443,000
	11,722,000	11,632,974	12,038,987
Excess (deficiency) of revenue over expenditure	158,000	246,967	(158,887)
Prior year's deficit	(158,000)	(158,887)	—
Excess (deficiency) of revenue over expenditure	$ —	$ 88,080	$ (158,887)

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Fund - Dartmouth
Detail of Revenue and Expenditure
Year Ended March 31

	2002		2001
	Budget	Actual	Actual
Revenue			
Halifax Regional Municipality	$ 5,062,000	$ 5,061,975	$ 5,062,000
Expenditure			
School services			
Teachers' salaries			
Classroom	2,315,000	2,180,719	2,164,728
Special Ed	675,000	722,124	518,633
Guidance	36,000	34,987	23,341
Administrators	145,000	132,376	55,310
Substitutes	95,000	93,641	124,581
Non-teachers' salaries			
Educational program assistants	333,000	320,435	267,923
Library technicians	416,000	415,582	402,300
School secretaries	85,000	104,481	108,935
Student support workers	30,000	29,935	18,308
Benefits	386,000	475,829	404,922
Textbooks and classroom supplies	407,000	378,530	566,141
	4,923,000	4,888,639	4,655,122
Student transportation	75,000	75,000	75,000
Administration allocation	102,000	102,000	102,000
Transfer to General Fund	—	—	192,000
	5,100,000	5,065,639	5,024,122
Excess (deficiency) of revenue over expenditure	(38,000)	(3,664)	37,878
Prior year's deficit	38,000	37,878	—
Excess of revenue over expenditure	$ —	$ 34,214	$ 37,878

HALIFAX REGIONAL SCHOOL BOARD

Supplementary Fund - Halifax County/Bedford
Detail of Revenue and Expenditure
Year Ended March 31, 2002

	2002		2001
	Budget	Actual	Actual
Revenue			
Halifax Regional Municipality	$ 3,200,000	$ 3,199,984	$ 2,355,000
Transfer from Reserve	702,000	701,972	—
	3,902,000	3,901,956	2,355,000
Expenditure			
School services			
Teachers' salaries			
Classroom	557,000	725,647	510,918
Special Ed	833,000	845,832	110,737
Teacher librarians	62,000	91,586	39,347
Administrators	—	10,625	—
Substitutes	24,000	73,810	16,000
Non-teachers' salaries			
Educational program assistants	605,000	397,205	379,558
Library technicians	487,000	462,120	285,992
School secretaries	61,000	66,664	40,604
Student support workers	61,000	46,095	36,615
Benefits	390,000	401,524	233,257
Textbooks and classroom supplies	760,000	726,938	—
	3,840,000	3,848,046	1,653,028
Administration allocation	62,000	62,000	—
Transfer to Reserve Fund	—	—	701,972
	3,902,000	3,910,046	2,355,000
Excess (deficiency) of revenue over expenditure	$ —	$ (8,090)	$ —

HALIFAX REGIONAL SCHOOL BOARD

Schedule of Trust Funds
March 31, 2002

	George Perrin	Christopher Maxwell	Abbie J. Lane	Doane Hatfield	Annie M. Piercey	James R. Pineo	Almar H. Shatford	Mengie Shulman	Harold T. Barrett
Cash	$ 1,288	$ 52	$ 2,361	$ 99	$ 898	$ 7,130	$ 2,513	$ 4,038	$ 2,386
Restricted cash	10,000	500	8,500	500	5,000	—	16,317	—	10,000
Due to General Fund	(500)	(35)	(439)	(80)	(650)	(1,500)	(2,360)	(375)	(1,970)
Due from General Fund	—	—	—	—	—	—	—	—	—
Investments	—	—	—	—	—	100,000	—	—	—
	$ 10,788	$ 517	$ 10,422	$ 519	$ 5,248	$ 105,630	$ 16,470	$ 3,663	$ 10,416
Equity	$ 10,788	$ 517	$ 10,422	$ 519	$ 5,248	$ 105,630	$ 16,470	$ 3,663	$ 10,416
Balance, beginning of year	$ 10,858	$ 531	$ 10,322	$ 577	$ 5,650	$ 111,039	$ 18,115	$ 3,881	$ 11,919
Donations	—	—	—	—	—	—	—	—	—
Interest earned	430	21	539	22	248	9,591	715	157	467
	11,288	552	10,861	599	5,898	120,630	18,830	4,038	12,386
Awards paid	(500)	(35)	(439)	(80)	(650)	(15,000)	(2,360)	(375)	(1,970)
Balance, end of year	$ 10,788	$ 517	$ 10,422	$ 519	$ 5,248	$ 105,630	$ 16,470	$ 3,663	$ 10,416

HALIFAX REGIONAL SCHOOL BOARD

Schedule of Trust Funds (continued)
March 31, 2002

	Carl & Rita Turner	Nick Oxner	John Travers Cornwell	Edith Cavell Prize	Donald Keith	Madeline LePage Godin	Spryfield Auxiliary	2001/2001 Total	2000/2001 Total
Cash	$ 3,711	$ 2,651	$ 11,750	$ 1,052	$ 8,194	$ 2,723	$ 3,513	$ 54,359	$ 60,120
Restricted cash	—	—	—	—	—	5,000	—	55,817	55,817
Due to General Fund	(500)	—		—	(550)	—	(988)	(9,947)	(25,004)
Due from General Fund	—	—		48	—	—	—	48	1,793
Investments	—	—		—	—	—	—	100,000	100,000
	$ 3,211	$ 2,651	$ 11,750	$ 1,100	$ 7,644	$ 7,723	$ 2,525	$ 200,277	$ 192,726
Equity	$ 3,211	$ 2,651	$ 11,750	$ 1,100	$ 7,644	$ 7,723	$ 2,525	$ 200,277	$ 192,726
Balance, beginning	$ 3,566	$ —	$ —	$ —	$ 7,881	$ 5,007	$ 3,380	$ 192,726	$ 185,511
of year	—	2,650	11,711	1,144	—	2,502	—	18,007	5,000
Donations	145	1	39	4	313	214	133	13,039	14,708
Interest earned	3,711	2,651	11,750	1,148	8,194	7,723	3,513	223,772	205,219
Awards paid	(500)	—	—	(48)	(550)	—	(988)	(23,495)	(12,493)
Balance, end of year	$ 3,211	$ 2,651	$ 11,750	$ 1,100	$ 7,644	$ 7,723	$ 2,525	$ 200,277	$ 192,726

AUDITOR'S REPORT

To the Shareholder of Highway 104
Western Alignment Corporation

We have audited the balance sheet of Highway 104 Western Alignment Corporation as at March 31, 2002, and the statements of earnings and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Canada
June 12, 2002

HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

Statements of Earnings (Loss) and Deficit
Year Ended March 31, 2002

	2002	2001
Revenue		
Facility revenue	$ 13,515,205	$ 11,565,742
Interest income	510,021	598,041
	14,025,226	12,163,783
Expenses		
Bondholder representative fees	191,407	98,015
Trustee fees	27,603	28,769
Salaries and benefits	174,158	163,211
Office	46,686	47,561
General and administrative	183,143	139,533
Enforcement	60,000	60,000
Independent engineer	29,956	33,837
Routine maintenance	689,084	776,009
Major maintenance	1,174,708	---
Facility operations	1,609,072	1,508,095
Transponders	36,714	49,801
	4,222,531	2,904,831
Earnings before other items	9,802,695	9,258,952
Other Items		
Government assistance amortization (Note 2)	1,092,804	1,040,766
Amortization and depreciation	(2,576,310)	(2,455,511)
Interest on long term debt	(8,315,568)	(8,163,047)
Net earnings (loss)	$ 3,621	$ (318,840)
Deficit, beginning of year	$ (8,671,313)	$ (5,609,892)
Net loss	3,621	(318,840)
Transfer to reserve for restricted assets (Note 10)	(2,308,576)	(2,742,581)
Deficit, end of year	$ (10,976,268)	$ (8,671,313)

See accompanying notes to the financial statements.

HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

Balance Sheet
March 31, 2002

ASSETS

		2002		2001
Project bank accounts	$	482,740	$	479,609
Inventory		21,820		24,533
Prepaids (Note 3)		364,608		316,518
Receivables (Note 4)		201,950		145,503
Restricted assets (Note 5)		12,768,884		10,541,555
Facility (Note 6)		115,062,126		117,521,362
Deferred costs (Note 7)		682,754		832,069
	$	129,584,882	$	129,861,149

LIABILITIES

Payables and accruals	$	484,965	$	328,205
Deferred revenue		525,181		497,018
Long term debt (Note 8)		81,407,630		80,779,637
Payable to the Province of Nova Scotia (Note 9)		250,000		250,000
Deferred government assistance (Note 2)		51,063,568		52,156,372
		133,731,344		134,011,232

SHAREHOLDERS' DEFICIENCY

Capital stock, one no par value share issued and outstanding in favour of the Province of Nova Scotia		1		1
Reserve for restricted assets (Note 10)		6,829,805		4,521,229
Deficit		(10,976,268)		(8,671,313)
		(4,146,462)		(4,150,083)
	$	129,584,882	$	129,861,149

Commitments and contractual obligations (Note 12)

See accompanying notes to the financial statements.

HIGHWAY 104 WESTERN ALIGNMENT CORPORATION

Statement of Cash Flows
Year ended March 31, 2002

		2002		2001
Increase (decrease) in cash and cash equivalents				
Operating				
Net earnings (loss)	$	3,621	$	(318,840)
Government assistance amortization		(1,092,804)		(1,040,766)
Amortization of deferred financing fees		35,433		35,434
Amortization and depreciation		2,576,310		2,455,511
		1,522,560		1,131,339
Change in non-cash operating working capital (Note 11)		83,099		(110,790)
		1,605,659		1,020,549
Financing				
Increase in long term debt, net		627,993		2,045,661
Investing				
Increase in restricted assets		(2,227,329)		(2,742,581)
Construction of facility		(3,192)		(200,159)
		(2,230,521)		(2,942,740)
Net increase in cash and cash equivalents		3,131		123,470
Cash and cash equivalents, beginning of year		479,609		356,139
Cash and cash equivalents, end of year	$	482,740	$	479,609

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2001

1. Nature of operations

The Corporation has been established for the purpose of financing, designing, constructing, operating and maintaining the Facility consisting mainly of a 45 km stretch of highway (referred to as the Highway 104 Western Alignment) between Masstown and Thomson Station in the Counties of Colchester and Cumberland, Nova Scotia.

2. Summary of significant accounting policies

Pre-operating and operating periods
The pre-operating period was the twenty month construction period commencing April 1, 1996 until the date of acceptance in November 1997. Operations began December 1, 1997.

Facility
The Facility consists of the highway referred to as the Highway 104 Western Alignment and the toll plaza constructed on the highway. The costs of the facility include certified progress payments to the Facility's contractor, indeptndent engineer fees, professional fees and interest costs incurred during the pre-operating period. These costs are being amortized commencing at the start of the operating period until March 31, 2026 using the sinking fund method with an annual compounding rate of 5%.

Deferred costs - start up
Administrative expenses incurred during the pre-operating period have been deferred as start-up costs and are being amortized to operations, on a pro-rata basis, over a five year period commencing at the start of the operating period.

Deferred costs - financing fee
Financing, commitment and bondholder representative fees related to the establishment and placement of the senior and junior toll revenue bonds have been deferred and are being amortized to operations over the term of the related bond debt commencing at the start of the operating period.

Deferred government assistance
Government assistance provided by the Province of Nova Scotia has been recorded as a deferral and is being amortized to operations over thirty years commencing at the start of the operating period using the sinking fund method with an annual compounding rate of 5%.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Use of estimates
In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. Prepaids

	2002	2001
Operating expenses	$ 79,365	$ 31,275
Advance to operator	285,243	285,243
	$ 364,608	$ 316,518

4. Receivables

	2002	2001
Harmonized Sales Tax	$ 53,455	$ 44,448
Other	148,495	101,055
	$ 201,950	$ 145,503

5. Restricted assets

	Cash	Investment	2002 Total	2001 Total
Senior debt service reserve account	$ 395	$ 5,639,917	$ 5,640,312	$ 5,640,131
Capital reserve account	263	4,692,877	4,693,140	3,121,148
Major maintenance reserve account	40,140	2,395,292	2,435,432	1,780,276
	$ 40,798	$ 12,728,086	$ 12,768,884	$ 10,541,555

Investments are recorded at cost, have a weighted average term of 6.19 months to maturity and a weighted average interest rate of 2.84%. The market value of the investments approximates the carrying value.

The following restricted accounts have been established in accordance to trust indenture agreements between the Corporation and the senior and junior bondholders and an Omnibus Agreement between the Corporation and the Province of Nova Scotia:

(i) The capital reserve account has been established to provide funds to pay the interest and principal on the senior and junior bonds and the subordinated notes. These funds are also available to pay the trustee and bondholders' representative fees to the extent they are not paid out of the project account. This account provides funding to the major maintenance reserve and the senior debt reserve accounts. The capital reserve account is funded from excess funds transferred from the project bank accounts of the Corporation.

(ii) The senior debt reserve account has been established to provide a reserve of funds to be available for payments as they come due for the senior toll revenue bonds. Funds can only be transferred from this fund when funds in the capital reserve account are insufficient to pay senior toll revenue bond payments. The account should maintain sufficient reserves equal to 12 months principal and interest payments due on the senior toll revenue bonds. The replenishment of the reserve comes from the capital reserve account.

(iii) The major maintenance reserve account has been established for the purpose of paying major maintenance repair and rehabilitation expenses. This reserve is funded from the capital reserve account in accordance with a maintenance budget recommended by the Independent Engineer through the terms of the major maintenance reserve fund agreement.

6. Facility

	Cost	Accumulated Depreciation	2002 Net book Total	2001 Net book Total
Facility	$ 124,622,621	$ 9,560,495	$ 115,062,126	$ 117,521,362

7. Deferred costs

	2002	2001
Start up	$ 75,921	$ 189,803
Financing fees	606,833	642,266
	$ 682,754	$ 832,069

8. Long term debt

	2002	2001
Senior toll revenue bonds bearing interest at 10.13%, maturing March 31, 2026, repayable in partial interest payments from June 30, 1998 until March 31, 2006 and then 80 equal blended quarterly payments of interest and principal of $2,251,191. Interest from the date of issue has been capitalized as part of the principal and continued to be fully capitalized until June 30,1998. As security, the Corporation has provided an assignment of all the present and future property and assets, including rights to operate the Facility, a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account.	$ 69,890,604	$ 68,537,574
Junior toll revenue bonds bearing interest at 10.76%, maturing March 31, 2011, repayable in interest payments only from June 30, 1998 until March 31, 2001 and then 40 equal blended quarterly payments of principal and interest of $503,395. Interest from the date of issue has been capitalized as part of the principal and continued to be capitalized until June 30, 1998. As security, the Corporation has assigned a second charge security interest in all security pledged to senior toll revenue bondholders.	11,517,026	12,242,063
	$ 81,407,630	$ 80,779,637

Minimum principal repayments required will begin in year 2002 and are as follows:

2003	806,236
2004	896,554
2005	996,970
2006	1,108,652
2007	2,498,137

9. Payable to the Province of Nova Scotia

On the date of acceptance, the Province advanced $250,000 to the Corporation to facilitate the Provincial subsidy. Under the First Amendment to the Omnibus Agreement, the Province reduced the tolls for transponder users and created a Provincial subsidy payable to the Corporation to offset the reduction. The advance is to be repaid to the Province on the earlier of the date when the toll rates are reinstated to the original rates as laid out in the Omnibus Agreement or when the Corporation has fully extinguished its obligations under the Senior and Junior Bond Indentures.

10. Reserve for restricted assets

The capital reserve account is to be funded from excess funds in the Project Bank Account. In addition, any interest earned on restricted assets forms part of the reserve account.

	2002	2001
Reserve for restricted assets, beginning of year	$ 4,521,229	$ 1,778,648
Transfers from project account	10,780,000	8,690,000
Interest income	485,205	564,321
Long term debt payments, including interest	(7,652,141)	(6,081,952)
Major maintenance payments, including HST to be recovered	(1,304,488)	---
Rebate to Province	---	(429,788)
	2,308,576	2,742,581
Reserve for restricted assets, end of year	$ 6,829,805	$ 4,521,229

11. Supplemental cash flow information

	2002	2001
Change in non-cash operating working capital		
Inventory	$ 2,713	$ 2,112
Prepaids	(48,090)	(57,164)
Receivables	(56,447)	451,763
Payables and accruals	156,760	(522,771)
Deferred revenue	28,163	15,270
	$ 83,099	$ (110,790)
Cash and cash equivalents consist of:		
Cash on hand and balances with banks	$ 482,740	$ 476,609
Interest paid	$ 6,927,124	$ 6,081,952

12. Commitments and contractual obligations

The Corporation has entered into the following agreements to finance, design, construct, operate and maintain the Highway 104 Western Alignment:

- **Omnibus Agreement**
  Agreement dated April 1, 1996, between the Corporation, the Contractor, the Operator and the Province of Nova Scotia to design, finance, construct, operate and maintain the Highway 104 Western Alignment. This agreement acknowledges that the Corporation has entered into a Design Build Agreement and an Operating Agreement to fulfil its obligations to the Province.

  Under this agreement, the Province of Nova Scotia retains ownership of the Facility, however, the Corporation is granted the right to operate and collect tolls for a thirty-year period, at which time this right will revert back to the Province.

  The Province contributed $55,000,000 to the project.

- **Operating Agreement**
  Agreement dated May 22, 1996 between the Corporation and Atlantic Highways Management Corporation (the Operator) whereby the Operator is required to operate the Facility which includes the toll collection system, toll plaza and the administration building.

  Operator compensation is based on the annual operating budget plus a variable fee, subject to adjustment under certain conditions, equal to 10% of the total annual budget.

- **Major Maintenance Reserve Fund Agreement**
  Agreement between the Corporation, the Trustee and the Bondholders' Representative to provide for the major maintenance work required during the operating period of the Facility. The Agreement requires the Corporation, on an annual basis, to engage an independent engineer to report on all major maintenance work to be completed in the upcoming year, as well as a major maintenance budget to determine the required annual amount to be deposited in the Major Maintenance Reserve Account. The maximum annual fee is $50,000. The agreement with the independent engineer is scheduled to be renewed November 15, 2002.

  The estimated deposits required to fund anticipated major mainenance for the next five years are as follows:

2003	700,000
2004	700,000
2005	700,000
2006	700,000
2007	700,000

- **Annual Roadway Maintenance Agreement**
  Five year agreement between the Corporation and the Department of Transportation and Public Works of the Province of Nova Scotia to provide annual roadway maintenance services for an annual fee of $650,000 commencing April 1, 1999 and subsequently adjusted thereafter for inflation. The agreement with the Department of Transportation is scheduled to be renewed by March 31, 2003.

- **Other**
  The Corporation has also entered in various operating lease agreements for equipment and office space. The minimum lease payments for the next four years are as follows:

2003	27,348
2004	27,348
2005	27,348
2006	18,232

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and

To the Minister of Economic Development

I have audited the balance sheet of the Industrial Expansion Fund as at March 31, 2002, and the statements of continuity of fund for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

These financial statements reflect proposed write-offs of assistance outstanding of $1,277,450 which were yet to be approved by Governor in Council as required under Section 23 of the Provincial Finance Act.

In my opinion, except for the effect of adjustments, if any, which might be determined to be necessary should Governor in Council not approve the amounts for write-off, these financial statements present fairly, in all material respects, the financial position of the fund as at March 31, 2002 and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 8 of the Industrial Development Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. SALMON, FCA
Auditor General

Halifax, Nova Scotia
May 31, 2002

PROVINCE OF NOVA SCOTIA
INDUSTRIAL EXPANSION FUND

Balance Sheet
March 31, 2002

ASSETS

	2002	2001
	(in thousands)	
Financial assets, at cost		
Loans - Industrial Development Act	$ 66,630	$ 55,814
Loans - Venture Corporations Act (Note 4)	809	2,086
Royalty rights	9,623	15,641
Shares (Note 5)	16,044	11,274
	93,106	84,815
Less: Provision for concessionary assistance (Note 6)	34,707	29,162
Allowance for doubtful accounts	17,423	8,453
	52,130	37,615
	40,976	47,200
Due from consolidated fund		
Guarantees (Note 7)	111,942	99,456
Less: Provision for payment under guarantees	5,259	4,616
	106,683	94,840
Assistance authorized but unadvanced (Note 9)	5,573	2,852
	112,256	97,692
	$ 153,232	$ 144,892

FUNDING AUTHORIZED AND COMMITTED

	2002	2001
Authorized, net of write-offs		
Industrial Development Act	$ 297,086	$ 299,024
Venture Corporations Act	4,408	5,685
Contributed surplus (Note 9)	—	1,138
	301,494	305,847
Less: Provision for concessionary assistance and possible losses on assistance (Note 10)	57,389	42,231
Net fund balance	244,105	263,616
Less: Uncommitted balance of fund	90,873	118,724
	$ 153,232	$ 144,892

Contingency (Note 11)

See accompanying notes to the financial statements.

PROVINCE OF NOVA SCOTIA
INDUSTRIAL EXPANSION FUND

Statement of Continuity of Fund
Under the Industrial Development Act

March 31, 2002

	2002	2001
	(in thousands)	
Balance, beginning of year	$ 299,024	$ 311,967
Deduct: Accounts written off	1,938	12,943
Balance, end of year	$ 297,086	$ 299,024
Comprising:		
Loans receivable, shares, rights and other assets	$ 92,297	$ 81,661
Guarantees in effect and utilized	96,535	85,056
Loans and other investments authorized but unadvanced, and guarantees in effect but not utilized	20,980	17,252
Uncommitted balance	87,274	115,055
	$ 297,086	$ 299,024

Statement of Continuity of Fund
Under the Venture Corporations Act

March 31, 2002	2002	2001
	(in thousands)	
Balance, beginning of year	$ 5,685	$ 5,685
Deduct: Accounts written off	1,277	—
Balance, end of year	$ 4,408	$ 5,685
Comprising:		
Loans advanced	$ 809	$ 2,086
Uncommitted balance	3,599	3,599
	$ 4,408	$ 5,685

Statement of Continuity of Fund
Under the Terms of the Canada-Nova Scotia
Development Fund Agreement

March 31, 2002	2002	2001
	(in thousands)	
Balance, beginning of year	$ 1,138	$ 1,138
Deduct: Disposal of acquired assets	1,138	—
Balance, end of year	$ —	$ 1,138
Comprising:		
Loans advanced	$ —	$ 1,068
Uncommitted balance	—	70
	$ —	$ 1,138

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2002

1. Authority

The Industrial Expansion Fund was established under the Industrial Development Act. The Fund is used for the purposes of establishing, assisting, developing or expanding industries in the Province.

The Business Development Corporation Act provides that the Industrial Expansion Fund may be administered by the Nova Scotia Business Development Corporation. A ministerial letter of assignment was issued authorizing the Corporation to administer the Industrial Expansion Fund as it related to the accounts sent to the Corporation for administration from time to time. The Corporation's activities are administered through a division of the Nova Scotia Department of Economic Development.

Effective November 6, 2001, pursuant to Order in Council 2001-423, administrative responsibility for the Industrial Expansion Fund was assigned to Nova Scotia Business Inc., a Crown Corporation formed under the Nova Scotia Business Incorporated Act.

2. Accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles modified by paragraphs (a), (b) and (c) below. Paragraphs (d), (e) and (f) describe significant accounting policies of the Fund.

Administrative expenses and interest revenue

(a) Administrative expenses of the Fund are included in the accounts of Nova Scotia Business Inc. and are not reflected in the financial statements of the Fund. Expenses relating to the change in the provision for possible losses on assistance and possible payments on guarantees are included in the accounts of the Office of Economic Development. Revenues earned on guarantees are included in the accounts of the Office of Economic Development and are not reflected in the financial statements of the fund. In addition, accrued loan interest is not recognized as a receivable in the financial statements of the Fund. Interest and other income earned on loans and shares are included in the accounts of the Department of Finance and are not reflected in the financial statements.

Statement of cash flows

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

Current assets

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

Provision for concessionary assistance

(d) The Fund provides for the effect of the decrease in the valuation of certain loans and shares due to assistance being provided with concessionary terms.

Allowance for doubtful accounts

(e) The Fund provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis.

Royalty rights

(f) Royalty rights are valued at cost. The value of these rights is assessed annually by estimating the net present value of anticipated cash flows. If the carrying value of the right exceeds the net present value of future cash flows, the right is written down to the net present value.

Use of estimates

(g) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Amounts transferred from the Nova Scotia Business Development Corporation Fund

The financial statements of the Industrial Expansion Fund include assets and liabilities transferred from the Nova Scotia Business Devleopment Corporation fund, pursuant to Order in Council 2001-523 dated November 6, 2001.

A summary of the amounts transfered is as follows:

		(in thousands)
Loans receivable	$	10,205
Shares		5,028
		15,233
Provision for possible losses		(9,473)
		5,760
Guarantees in effect		3,000
Provision for payment		(3,000)
		—
	$	5,760

4. Venture Corporation Act

The Venture Corporations Act was assented to June 5, 1980 and came into force January 28, 1981. This Act was enacted to provide a means of encouraging investment in small businesses in Nova Scotia.

A company that qualifies as a venture corporation may receive loans under this Act. Loan proceeds must be used to purchase shares or grant unsecured loans to eligible small businesses. Principal repayments and accrual of interest are not required to commence until the tenth anniversary of such loans.

The Act directs that money provided shall be financial assistance within the meaning of the Industrial Development Act, and payments made pursuant to the Act shall be made out of the Industrial Expansion Fund.

During the year no payments (2001 - $40,000) were received.

		2002		2001
				(in thousands)
Loans made to venture corporations	$	809	$	2,086
Less: Allowance for doubtful accounts		809		1,856
	$	—	$	230

5. Shares

		2002		2001
				(in thousands)
Preferred shares	$	12,412	$	7,384
Common shares		3,632		3,890
	$	16,044	$	11,274

Shares are recorded at cost. Any provision for the decline of fair market value below the cost of shares has been included in the allowance for doubtful accounts.

6. Provision for concessionary assistance

The provision for concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Fund.

The terms of concessionary assistance provided by the Fund has included low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance.

The assistance outstanding, provision for concessionary assistance and net book value related to loans and shares are as follows:

		2002						2001
		Assistance Outstanding		Provision for Concessionary Assistance		Net Book Value		Net Book Value
								(in thousands)
Loans	$	46,112	$	28,144	$	17,968	$	16,464
Shares		8,912		6,563		2,349		1,289
	$	55,024	$	34,707	$	20,317	$	17,753

7. Guarantees

	2002	2001
		(in thousands)
Guarantee - in effect and utilized	$ 96,535	$ 85,056
Guarantee - in effect but not utilized	15,407	14,400
	$ 111,942	$ 99,456

During the year, one guarantee of $2,000,000 was paid out (2001 - Nil).

8. Assistance authorized but unadvanced

	2002	2001
		(in thousands)
Loans	$ 5,573	$ 2,852

9. Contributed Surplus

Contributed surplus represents the balance of funds provided to the Industrial Expansion Fund for the purpose of providing assistance in accordance with the terms of the Canada-Nova Scotia Development Fund Agreement. Loans granted under this agreement require Federal Government approval before they can be written-off or forgiven. The Province has asked for permission to write-off the loans, as of the auditors' report date there has been no response from the Federal Government.

10. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	2002	2001
		(in thousands)
Balance, beginning of year	$ 42,231	$ 48,617
Add accounts transferred from the Nova Scotia Business Development Corporation Fund	12,473	—
	54,704	48,617
Add current year provision	5,900	6,557
Less: accounts written-off	3,215	12,943
Balance, end of year	$ 57,389	$ 42,231

11. Contingency

The Fund has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. Estimates of the amount of future costs, if any, under these agreements cannot be made with any certainty and are not reflected in the financial statements.

AUDITOR'S REPORT

To the Minister of Health

I have audited the balance sheet of the Insured Prescription Drug Plan Trust Fund as at March 31, 2002, and the statement of revenues and expenses for the year then ended. These financial statements are the responsibility of the Department of Health management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Insured Prescription Drug Plan Trust Fund as at March 31, 2002, and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Rob Philpott, CGA
Director, Corporate Internal Audit
Department of Finance

Halifax, Nova Scotia
September 4, 2002

INSURED PRESCRIPTION DRUG PLAN TRUST FUND

Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
Current		
Cash	$ 3,668,611	$ 3,361,635
Receivables		
Seniors	281,586	359,189
Low Income Trust Fund	17,660	17,468
Miscellaneous	---	69,436
Department of Health	1,708,000	1,646,750
Investments (Note 2)	8,493,960	10,978,990
Total Assets	$ 14,169,817	$ 16,433,468

LIABILITIES

	2002	2001
Current		
Payables and accruals	$ 4,732,141	$ 4,251,412
Prepaid Premiums	1,579,611	9,990,205
Payable to Department of Health (Note 3)	7,858,065	2,191,851
Total Liabilities	$ 14,169,817	$ 16,433,468

Statement of Revenues and Expenses
for the year ended March 31, 2002

	2002	2001
Revenues		
Seniors		
Premiums paid by seniors (Note 2)	$ 9,320,018	$ 9,056,899
Co-payment to pharmacies	22,439,195	21,478,530
	31,759,213	30,535,429
Department of Health	81,045,209	73,259,771
Investment income	466,136	364,554
	113,270,558	104,159,754
Expenses		
Provider claims (Note 2)	113,270,558	104,159,754
Excess of Expenses over Revenues	$ ---	$ ---

INSURED PRESCRIPTION DRUG PLAN TRUST FUND

Notes to the Financial Statements
March 31, 2002

1. Authority

Seniors' Pharmacare is a voluntary prescription drug insurance plan established, effective April 11, 1995, by Order-In-Council 95-557 and amended by Order-In-Council 2000-471 effective April 11, 2000. Contributions made by seniors and government are placed in the Insured Prescription Drug Plan Trust Fund and are used to pay Seniors' Pharmacare program costs. Principle features of the Pharmacare program are:

- Participation in the Pharmacare program is optional. Eligible seniors must be 65 years of age and not already have coverage under other government programs or primary drug coverage through a contract of insurance.

- Eligible seniors are required to pay an annual premium of $215 plus a co-payment fee of 33% of prescription costs to a maximum of $350 per year. Annual premiums are waived for low-income seniors.

- The Department of Health is responsible for funding program costs net of recoveries from seniors and other income.

2. Significant Accounting Policies

Investments

Investments consist of government and corporate bonds, and short-term investments. All investments are carried at cost which approximates market value.

Premium Revenues

Premium revenues are recorded on the accrual basis.

Claim Expenses

Claim expenses are recorded on the accrual basis. Claims, submitted by providers, are subject to audit by the program administrators. Any adjustments to claims as a result of these audits are recorded in the year of settlement.

Administration of Program

Maritime Medical Care Inc. administers Seniors' Pharmacare on behalf of the Department of Health, on a cost recovery basis. Administration costs for the year are paid by the Province of Nova Scotia and are not reported in these financial statements.

3. Payable to Department of Health

This payable consists primarily of excess funding from the Department of Health at year end as follows:

		2002	2001
Payable (Receivable) to Department of Health, beginning of year		$ 9,990,205	$ 2,035,908
Add:	Payments from Department of Health	72,634,615	81,214,068
Less:	Net program expenses	(81,045,209)	(73,259,771)
Payable to Department of Health, end of year		$ 1,579,611	$ 9,990,205

AUDITORS' REPORT

To the Board of The Izaak Walton Killam Health Centre

We have audited the balance sheet of The Izaak Walton Killam Health Centre as at March 31, 2002 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Health Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Health Centre as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Canada
May 24, 2002

THE IZAAK WALTON KILLAM HEALTH CENTRE

Balance Sheet
March 31

ASSETS

	2002	2001
Current		
Cash and cash equivalents	$ 10,731,000	$ 12,243,000
Receivables (Note 3)	12,709,000	11,763,000
Receivable from the Health Centre Foundations	917,000	284,000
Inventories	1,056,000	926,000
Prepaids	668,000	519,000
	26,081,000	25,735,000
Retirement allowance receivable (Note 9)	6,794,000	6,113,000
Property and equipment (Note 4)	105,952,000	104,068,000
	$ 138,827,000	$ 135,916,000

LIABILITIES

Current		
Payables and accruals (Note 5)	$ 15,436,000	$ 15,558,000
Deferred revenue - DOH advance	4,287,000	4,219,000
	19,723,000	19,777,000
Retirement allowances (Note 9)	6,794,000	6,113,000
Appropriations and reserves (Note 7)	6,358,000	5,958,000
	32,875,000	31,848,000

FUND BALANCES (Page 188)

Capital Fund	105,952,000	104,068,000
	$ 138,827,000	$ 135,916,000

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM HEALTH CENTRE

Statement of Operations
Year ended March 31

		2002		2001
Revenue				
Inpatient, outpatient and clinics	$	105,694,000	$	96,548,000
Department of Community Services		2,252,000		2,156,000
Rentals, recoveries and sales		5,129,000		5,873,000
Mental health		5,861,000		5,694,000
Grants from Health Centre Foundations		397,000		339,000
		119,333,000		110,610,000
Expenses				
Children's acute and continuing care		18,223,000		16,304,000
Children's acute and emergency care		16,349,000		15,177,000
Maternal and newborn health		25,511,000		22,808,000
Mental health services		8,438,000		7,678,000
Women's health		4,639,000		4,177,000
Maritime health and partnership		9,000		349,000
Professional and academic		13,926,000		13,007,000
Operations and support		28,176,000		27,954,000
Executive offices and administration		1,086,000		801,000
Non portable		1,039,000		1,232,000
		117,396,000		109,487,000
Net income from operations	$	1,937,000	$	1,123,000

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM HEALTH CENTRE

Statement of Fund Balances
Year ended March 31

	2002	2001
Capital Fund		
Balance, beginning of year	$ 104,068,000	$ 102,797,000
Funding for capital additions		
Specified donations for equipment	52,000	23,000
Transfers from operations	1,937,000	1,108,000
Transfer from appropriations and reserves	7,093,000	7,006,000
	9,082,000	8,137,000
Capital debt repayment	(239,000)	(198,000)
Depreciation	(6,959,000)	(6,668,000)
	(7,198,000)	(6,866,000)
Balance, end of year	$ 105,952,000	$ 104,068,000
Operating Fund (Deficiency)		
Balance, beginning of year	$ —	$ (15,000)
Net income from operations	1,937,000	1,123,000
Transfer to capital fund	(1,937,000)	(1,108,000)
Balance, end of year	$ —	$ —

See accompanying notes to the financial statements.

THE IZAAK WALTON KILLAM HEALTH CENTRE

Statement of Cash Flows
Year ended March 31

	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Net income from operations	$ 1,937,000	$ 1,123,000
Loss on sale of investments	—	(114,000)
	1,937,000	1,009,000
Change in non-cash operating working capital (Note 11)	(1,599,000)	(808,000)
	338,000	201,000
Financing		
Capital debt repayment	(239,000)	(198,000)
Specified donations for equipment	52,000	23,000
Transfers from appropriations and reserves	7,093,000	7,006,000
	6,906,000	6,831,000
Investing		
Proceeds on sale of investments, net of purchases	—	2,101,000
Purchase of property and equipment	(8,843,000)	(7,939,000)
Employee advances	87,000	(88,000)
	(8,756,000)	(5,926,000)
Net (decrease) increase in cash and cash equivalents	(1,512,000)	1,106,000
Cash and cash equivalents		
Beginning of year	12,243,000	11,137,000
End of year	$ 10,731,000	$ 12,243,000

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2002

1. Purpose of Organization

The IWK Health Centre provides quality care for children, women and families in the three Maritime Provinces and beyond. It is a tertiary care health centre dedicated to family-centred care, education, research and health promotion. The IWK Health Centre offers a broad range of health services to women, children, and their families. The IWK Health Centre is committed to helping children and women in the Maritimes be the healthiest in the world.

The IWK Health Centre is a not-for-profit organization under the Income Tax Act.

2. Summary of significant accounting policies

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventories

Inventories are valued at the lower of cost and replacement cost.

Property and equipment

Property and equipment assets are stated at cost. Depreciation is provided on the straight-line basis over the expected useful life of the asset as determined by the Canadian Hospital Accounting Manual:

Buildings and service equipment	2% to 2.5%
Major equipment	
Shareable, various	5% to 20%
Non-shareable, various	5% to 20%

Investments

All investments are recorded at cost except donated investments, which are recorded at values assigned at date of acquisition.

Appropriations and reserves

Appropriations and reserves represent the balance of unexpended funds allocated for approved research, capital equipment and special purposes.

Donations

Specified donations transferred from the Foundations are recorded as direct additions either to appropriations and reserves or funds held in trust, depending on the source or specified purpose thereof.

Employee benefits

The Health Centre accrues the estimated liability for its retirement plan, which is payable to its employees in subsequent years in accordance with its policy. The retirement allowance is actuarially determined using the projected benefit method prorated on service.

3. Receivables

	2002	2001
Patients and other accounts receivable, net of allowance for doubtful accounts of $105,000 (2001 - $101,000)	$ 4,793,000	$ 3,901,000
Nova Scotia Department of Health estimated year end adjustments	7,916,000	7,862,000
	$ 12,709,000	$ 11,763,000

The estimated year end adjustments are comprised of:

Accumulated deficit 1998/1999	2,391,000
Accumulated deficit 2001/2002	1,168,000
Transition support program	153,000
Labour adjustment funding	2,512,000
Poison information centre	450,000
Civic land	700,000
Other	542,000
	$ 7,916,000

Of the total receivable from the Nova Scotia Department of Health, as of April 2002, $1,000,000 has been received.

4. Property and equipment

			2002	2001
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 3,854,000	$ —	$ 3,854,000	$ 3,854,000
Building and service equipment	109,826,000	24,431,000	85,395,000	83,414,000
Major equipment	30,508,000	13,960,000	16,548,000	16,635,000
Group home	206,000	51,000	155,000	165,000
	$ 144,394,000	$ 38,442,000	$ 105,952,000	$ 104,068,000

5. Payables and accruals

	2002	2001
Trade payables	$ 6,073,000	$ 7,100,000
Accrued salaries and benefits	6,766,000	6,370,000
Funds held on behalf of others	2,597,000	1,681,000
Nova Scotia Department of Health	—	407,000
	$ 15,436,000	$ 15,558,000

6. Credit facility

The Health Centre has approved for a line of credit of $2,000,000. At year end, no amount amount has been advanced on the line of credit from the Royal Bank (2001 - $Nil). Any outstanding amount is repayable on demand and bears interest at prime plus 3/4%.

7. Appropriations and reserves

The following is a summary of the amounts in appropriations and reserves:

	2002	2001
Capital		
Equipment	$ 1,484,000	$ 1,979,000
Capital campaign equipment	—	211,000
General renovations	859,000	937,000
Capital campaign construction	645,000	547,000
Capital campaign undecided	115,000	—
	3,103,000	3,674,000
Board fellowship	265,000	214,000
Windsor fellowship	90,000	45,000
Neonatal fellowship	84,000	129,000
Perinatal database/reproductive endocrine	—	44,000
Research funds	2,816,000	1,844,000
Memorial funds	—	8,000
	$ 6,358,000	$ 5,958,000

The following is a summary of the continuity of appropriations and reserves:

	2002	2001
Balance, beginning of year	$ 5,958,000	$ 6,819,000
Grants from Health Centre Charitable Foundations	2,600,000	3,155,000
Department of Health funding	528,000	2,391,000
Research funding	4,370,000	2,177,000
Capital campaign fund	2,575,000	844,000
Other funding	1,323,000	162,000
	11,396,000	8,729,000
Transfer to capital fund	(7,093,000)	(7,006,000)
Disbursements		
Research	(3,398,000)	(2,234,000)
Other	(505,000)	(350,000)
	(10,996,000)	(9,590,000)
Balance, end of year	$ 6,358,000	$ 5,958,000

8. Capital debt repayment

As part of the assumption of capital debt by the Nova Scotia Department of Health, the Health Centre is required to make an annual capital debt payment based on its "ability to pay" which is calculated at the annual per capita tax grant and 12 1/2% of the room differential as at March 31, 2001. The Health Centre is required to make this annual payment until the year 2003.

9. Retirement allowances

The Health Centre maintains a non-contributory retirement allowance program offered to employees. The most recent actuarial valuation was conducted as at December 31, 2000. The Province of Nova Scotia has assumed responsibility for funding this liability and a corresponding receivable has been recorded.

Retirement allowances (continued)

Information about the retirement allowance is as follows:

		2002	2001
Accrued benefit obligation			
Balance, beginning year	$	6,337,000 $	5,579,000
Current service cost		389,000	368,000
Interest cost		397,000	390,000
Benefits paid		(123,000)	—
Balance, end of year	$	7,000,000 $	6,337,000
Funded status - plan deficit	$	(7,000,000) $	(6,337,000)
Unamortized net actuarial loss		206,000	224,000
Accrued benefit liability recognized	$	(6,794,000) $	(6,113,000)

The Health Centre's net expense for the retirement allowance is as follows:

		2002	2001
Retirement allowance	$	804,000 $	776,000

The following actuarial assumptions have been used in the determination of the accrued benefit obligation as at March 31, 2002:

Discount rate	7.05%
Rate of compensation increase	3.65 - 6.15%
Termination rates	1.2 - 20%

It was also assumed that 50% of employees will retire on the date they are first eligible for an unreduced retirement allowance, and the remainder will retire on their normal retirement date, which is their 65 th birthday.

A retirement allowance is paid in respect of employees who die prior to retirement and, therefore, the mortality rates in accordance with the Group Annuity Mortality Table for 1983 were utilized.

10. Pension plan

The Health Centre participates in a multi-employer plan administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 2000 and indicates a funding surplus. The Health Centre's pension expense for the year amounted to $3,957,000 (2001 - $3,441,000).

11. Supplement cash flow information

		2002	2001
Change in non-cash operating working capital:			
Receivables	$	(1,033,000) $	(1,095,000)
Receivable from Health Centre Foundations		(633,000)	356,000
Inventories		(130,000)	23,000
Prepaids		(149,000)	(38,000)
Payables and accruals		(122,000)	659,000
Deferred revenue		68,000	148,000
Appropriations and reserves, net		400,000	(861,000)
	$	(1,599,000) $	(808,000)
Cash and cash equivalents consist of:			
Cash on hand and balances with banks	$	10,731,000 $	12,243,000

LAW REFORM COMMISSION OF NOVA SCOTIA

Balance Sheet
as at March 31, 2002

ASSETS

Current Assets		
Petty Cash		$ 25.00
Bank Operating Account	15,742.84	
T-Bill Account	20,722.60	
Total Cash		36,465.44
HST Receivable		5,108.75
Total Current Assets		41,599.19
Fixed Assets		
Computer Equipment	19,059.16	
Accum Computer Equipment	(19,059.16)	
Net Office Equipment		---
Total Fixed Assets		---
Total Assets		$ 41,599.19

LIABILITIES

Current Liabilities		
Accounts Payable		$ 16,690.65
UIC Payable	---	
CPP Payable	---	
Income Tax Payable	---	
Receiver General Payable		---
Total Current Liabilities		16,690.65
Total Liabilities		$ 16,690.65

EQUITY

Surplus	
Surplus Beginning of Year	24,198.99
Surplus Current Year	709.55
Accumulated Surplus	24,908.54
Total Equity	24,908.54
Liabilities and Equity	$ 41,599.19

LAW REFORM COMMISSION OF NOVA SCOTIA

Income Statement
as at March 31, 2002

Revenue		
Operating & Project Income		
Dept. of Justice		$ ---
NS Law Foundation Contribution		250,000.00
Interest Income		1,226.65
PYS (DO NOT USE)		---
Total Contributions		251,226.65
Total Revenue		251,226.65
Expense		
Administrative Expenses		
Wages	150,525.72	
EI Expense	4,270.40	
CPP Expense	5,455.98	
Group Insurance Expense	5,629.54	
Total Personnel Related		165,881.64
Advertising		340.20
Non Legal Consultants Fees		500.00
Commissioners Fees & Expenses		9,625.21
Electrical Expense		1,036.60
Meeting Costs		960.87
Library		1,173.00
Accounting Fees		150.00
Membership Fees		2,610.32
Professional Fees		2,500.00
Computer Software/Supplies/Repairs		13,150.95
Internet		978.28
Staff Expenses		227.81
Rent	18,712.56	
Office Equipment Rental	3,232.46	
Insurance	585.00	
Total Premises Related		22,530.02
Office Supplies	5,695.14	
Parking	75.70	
Photocopy/Printing	10,120.69	
Postage & Courier	3,130.80	
Telephone Expense	2,789.98	
Travel/Conference/Workshop	1,737.15	
Total Office Related		23,549.46
Bank Charges		176.36
HST Paid on Purchases		5,120.23
GST Paid on Purchases		6.15
Total Administration		250,517.10
Total Expense		250,517.10
Net Income		$ 709.55

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits of the accounts established under the Members' Retiring Allowances Act as at March 31, 2002 and the Statement of Changes in Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on the financial statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the accounts established under the Members' Retiring Allowances Act as at March 31, 2002 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 24, 2002, except as to Note 3 which is as of September 10, 2002

ACCOUNTS ESTABLISHED UNDER THE MEMBERS' RETIRING ALLOWANCES ACT

Statement of Net Assets Available for Benefits and Accrued Pension Benefits as at March 31, 2002

	2002	2001
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Receivable from the Consolidated Fund	$ 53,308,200	$ 45,513,800
Liabilities		
Accounts payable and accruals	26,000	7,000
Net assets Available for Benefits	$ 53,282,200	$ 45,506,800
ACCRUED PENSION BENEFITS (Note 3)	$ 53,282,200	$ 45,506,800

Statement of Changes in Net Assets Available for Benefits for the Year Ended March 31, 2002

	2002	2001
Increase in Assets		
Interest	$ 3,805,385	$ 3,650,126
Contributions		
Members' - matched	290,473	275,768
Government - matched	290,473	275,768
Members' - unmatched	---	16,752
Government - unmatched (Note 3)	859,799	816,275
Total increase in assets	5,246,130	5,034,689
Decrease in Assets		
Allowances (pensions)	2,899,525	2,850,613
Professional services	24,154	7,013
Refunds - contributions	---	45,036
- interest	---	3,088
Total decrease in assets	2,923,679	2,905,750
Increase in Net Assets before Actuarial Adjustment	2,322,451	2,128,939
Actuarial adjustment (Note 3)	5,452,949	(344,139)
Increase in Net Assets after Actuarial Adjustment	7,775,400	1,784,800
Net Assets Available for Benefits at Beginning of Year	45,506,800	43,722,000
Net Assets Available for Benefits at End of Year	$ 53,282,200	$ 45,506,800

(See accompanying notes to financial statements)

ACCOUNTS ESTABLISHED UNDER
THE MEMBERS' RETIRING ALLOWANCES ACT

Notes to Financial Statement
for the year ended March 31, 2002

1. Authority and Description of Plan

Members of the House of Assembly are entitled to receive allowances pursuant to provisions of the Members' Retiring Allowances Act. The Act, as amended November 25, 1993, establishes in the Consolidated Fund of the Province a Members' Retiring Allowance Account and a Members' Supplementary Retiring Allowance Account to which members and government contributions and interest are credited, and payments to pensioners and terminating members are charged. If at any time the balances of the accounts are insufficient to make required payments, an amount will be credited to the accounts from the Consolidated Fund.

Members contribute 10% of indemnities, allowances and salaries and the Province contributes an equal amount. Contributions cease after 15 years. Pensions are paid on the basis of the average indemnities, allowances and salaries for the last three years, at the rate of 5% for each year for which contributions were made. As of November 25, 1993 there is no longer a minimum retiring allowance.

There are 52 Members of the Legislative Assembly. At year end, 48 were contributors to the accounts and the remaining four members had reached the 15 year maximum contributory service. There are also 102 allowances in pay at March 31, 2002 to former Members of the Legislative Assembly, surviving spouses and/or dependant children.

A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies, and having attained age 55 (increased from age 50 as of November 25, 1993). Former members who qualify for a retiring allowance may make application for an actuarially reduced allowance as early as 45 years of age (increased from age 40 as of November 25, 1993). Retiring allowances are increased annually on January 1 by the lesser of the increase in the consumer price index or 6%.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. A statement of cash flow is not provided since disclosure in the statement of changes in net assets available for benefits is considered adequate.

Contributions to the accounts are recorded when received and allowances and refunds are recorded in the accounts when paid. An amount representing interest on the balances in the accounts is calculated and credited to the accounts annually at a rate of 8.5% according to the regulations of the Members' Retiring Allowances Act.

For reporting purposes, the contributions and allowances under the Members' Retiring Allowance Account and the Members' Supplementary Retiring Allowance Account are combined.

3. Actuarial Valuation

Actuarial valuations of benefits under the Members' Retiring Allowances Act are carried out periodically and provide an estimate of pension benefit calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Eckler Partners Ltd., performed a valuation as at December 31, 2001 and issued their report in July 2002. The valuation indicated that at December 31, 2001 the accounts had actuarial liabilities of $52,684,900 (December 31, 1999 - $43,305,700). The liability account at the same date had balances totalling $47,270,700 (December 31, 1999 - $45,387,400) giving rise to an accounting unfunded liability of $5,414,200 (December 31, 1999 - surplus $2,081,700). The primary reason for the occurrence of the unfunded liability is an increase in fund liabilities resulting from a change in actuarial assumptions since the last valuation.

Eckler Partners Ltd. estimate of the Members' Retiring Allowance Account liabilities as at March 31, 2002 (extrapolated from December 31, 2001) indicated that the accounts had actuarial liabilities of $53,282,200. An actuarial adjustment of $5,452,949 (2001 - $344,139) was recorded to adjust the liability accounts to reflect this revised estimate of actuarial values.

The actuarial valuation projects liabilities for each member on the basis of service earned to that date and the employee's projected three year average indemnity, expense allowance and executive council salary (where applicable) at the expected date of retirement. The projected unit credit method was adopted for the actuarial valuation to determine the current cost and actuarial liability. The major economic and demographic assumptions used in the valuation are as follows:

	Valuation December 31, 2001	**Valuation December 31, 1999**
Investment earnings - pre-retirement rate	7.05%	7.5%
- post-retirement rate (Net of assumed pensioner cost-of-living increases per annum)	3.93%	4.37%
Salary escalation	3.0%	3.0%
Cost of living	3.0%	3.0%
Average Retirement Age	i) Age 55 if current Age less than 50	i) Age 55 if current Age less than 48
	ii) Current age plus 5.5 if 50 is less than or equal to current age less then or equal to 56	ii) Current age plus 7.5 if 48 is less then or equal to current age less then or equal to 54
	iii) Later of current age plus 1.5 or 5 years of service if current age is greater then or equal to 57	iii) Later of current age plus 3.5 or 5 years of service if current age is greater then or equal to 55
Mortality	1994 Group Annuitant Mortality Table projected to 2000	1983 Group Annuitant Mortality Table

During the year, the Province made additional contributions of $859,799 (2000 - $816,275). This was based on a prior valuation which indicated that the Province should contribute 39.6% of total payroll (indemnities, allowances and salaries) of contributing members, including the matching of the contribution, in order to cover the annual cost of benefits accrued.

AUDITORS' REPORT

To the Directors of the
Nova Scotia Arts Council

We have audited the statement of financial position of the Nova Scotia Arts Council as at March 31, 2002 and the statement of operations, statement of changes in net assets and statement of cash flow for the year then ended. These financial statements are the responsibility of the organization's management. Our responsiblity is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2002 and the results of its operations and changes in cash flow for the year then ended, in accordance with Canadian generally accepted accounting principles.

HORNBY TINKHAM MARSHALL
Chartered Accountants

May 9, 2002
Dartmouth, Nova Scotia

NOVA SCOTIA ARTS COUNCIL

Statement of Financial Position
as at March 31, 2002

	2002	2001
ASSETS		
Current		
Cash and cash equivalents	$ 292,151	$ 369,123
Accounts receivable	14,869	11,547
	307,020	380,670
Endowment investments (market value $1,013,410 2001 - $961,300) (Note 8)	813,280	800,357
Prepaid expense	650	—
Capital Assets (Note 3)	18,000	23,789
	$ 1,138,950	$ 1,204,816
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	$ 238,449	$ 274,589
Deferred contributions (Note 5)	25,933	75,340
	264,382	349,929
NET ASSETS		
Unrestricted net assets	43,288	30,741
Net assets invested in capital assets	18,000	23,789
Net assets restricted for endowment purposes	813,280	800,357
	874,568	854,887
	$ 1,138,950	$ 1,204,816

NOVA SCOTIA ARTS COUNCIL

Statement of Operations
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Revenue			
Grants (Note 6)	$ 1,246,058	$ 1,266,410	$ 1,302,047
Transfer from endowment	61,597	—	—
McConnell Foundation (Note 7)	90,500	121,547	86,070
Other (Schedule 1)	21,000	17,893	34,829
	1,419,155	1,405,850	1,422,946
Expenses			
Grants			
Grant programs for individuals (Schedule 2)	394,000	394,000	394,930
ArtsSmarts - Arts inFusion program	90,000	115,707	79,006
New Media Awards	10,000	10,000	—
	494,000	519,707	473,936
Grant programs for organizations (Schedule 3)	496,000	473,763	549,899
Total grants	990,000	993,470	1,023,835
Program delivery			
Salaries - program officers	108,047	115,513	102,479
Employee benefits	17,267	17,737	15,944
Travel - officers (individuals)	3,500	1,711	3,067
Travel - officers (organizations)	3,500	3,051	3,768
ArtsSmarts - Arts inFusion - administration	10,500	5,840	7,063
Assessments - juries (Schedule 4)	30,000	34,558	29,704
MTT Peer assessment	600	1,404	—
Total program delivery	173,414	179,814	162,025
Administrative (Schedule 5)	255,741	225,808	237,086
Total expenses	1,419,155	1,399,092	1,422,946
Excess of revenue over expenses	$ —	$ 6,758	$ —

NOVA SCOTIA ARTS COUNCIL

Statement of Changes in Net Assets
Year ended March 31, 2002

	Net Assets Invested in Capital Assets	Net Assets Restricted for Endowment Purposes	Unrestricted Net Assets	Total 2002	Total 2001
Balance, beginning of the year.........	$ 23,789	$ 800,357	$ 30,741	$ 854,887	$ 751,442
Excess (deficiency) of revenue over expenses..........	(5,789)	—	12,547	7,758	—
Endowment contributions (Note 8 and 10)....	—	12,923	—	12,923	103,445
Balance, end of year...	$ 18,000	$ 813,280	$ 43,288	$ 875,568	$ 854,887

Statement of Cash Flow
Year ended March 31, 2002

	2002	2001
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenses....................................	$ 6,758	$ —
Item not affecting cash		
Amortization..	5,789	7,889
Changes in non-cash operating working capital items (Note 9).............	(89,519)	(221,186)
	(76,972)	(213,297)
Financing		
Endowment contributions (Note 10).................................	12,923	103,445
Investing		
Increase in investments....................................	(12,923)	(103,455)
Decrease in cash.......................................	(76,972)	(213,307)
Cash and cash equivalents, beginning of year..........................	369,123	582,430
Cash and cash equivalents, end of year...............................	$ 292,151	$ 369,123

1. PURPOSE OF THE ORGANIZATION

An Act to establish the Nova Scotia Arts Council was approved on January 11, 1996 by the 56th General Assembly of the Legislature of the Province of Nova Scotia. The purpose of the Organization is to:

- Make the arts integral to the lives of Nova Scotians;
- Foster artistic excellence throughout the Province;
- Encourage creative expression by funding activity in the arts;
- Utilize peer assessment in the determination of artistic merit and the allocation of funding;
- Educate the public regarding the cultural, social and economic importance of the arts;
- Strive for regional, cultural and developmental equity in the distribution of funding; and
- Carry out research on matters related to the arts.

The Organization is also responsible for establishing and maintaining the Nova Scotia Arts Endowment Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Revenue recognition

The Nova Scotia Arts Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in equity.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(b) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a straight-line basis over a period of five years.

(c) Investments

Investments are recorded at the lower of cost and market value. These investments are managed by a professional money manager and are invested in a balanced portfolio of equity and security backed instruments.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2002	Net 2001
Office furniture	$ 34,594	$ 23,811	$ 10,783	$ 13,479
Computer equipment	38,121	30,904	7,217	10,310
Computer software	886	886	—	—
	$ 73,601	$ 55,601	$ 18,000	$ 23,789

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2002	2001
Trade payables and accrued liabilities	$ 29,190	$ 42,063
ArtsSmarts - Arts inFusion program payable	14,816	6,000
Grants payable	194,443	226,526
	$ 238,449	$ 274,589

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted operating funding received in the current period that is related to the subsequent period. This deferred revenue will be reflected in next year's budget:

	2002	2001
Operations (Note 6)	$ —	$ 27,810
McConnell Foundation Arts Smarts Program (Note 7)	25,933	47,530
	$ 25,933	$ 75,340

6. GRANT REVENUE

	2002	2001
Grants received from Province of Nova Scotia	$ 1,238,600	$ 1,263,600
Deferred grant revenue from prior year	27,810	66,257
	1,266,410	1,329,857
Less contributions deferred until next year:		
Operations	—	(27,810)
Amount recognized as revenue in the year	$ 1,266,410	$ 1,302,047

7. McCONNELL FOUNDATION

	2002	2001
Program grants received from McConnell Foundation	$ 99,950	$ 5,500
Deferred grant revenue from prior year	47,530	128,100
	147,480	133,600
Less contributions deferred until next year	(25,933)	(47,530)
Amount recognized as revenue in the year	$ 121,547	$ 86,070

8. ENDOWMENT FUND

The endowment fund was established in March 1997 with a grant from the Province of Nova Scotia. The Governor in Council has established the Regulations for this fund under the Regulations Act. The Council shall only make withdrawals of capital from the Endowment Fund for the purpose of investing the money and in accordance with the instructions of the investment managers. The fund advisors shall recommend annually to the Council the amount of income of the Endowment Fund, including, without limitation, interest, dividends, and realized capital gains, to be distributed to the Council for expenditures either as set out in the Endowment Fund budget prepared by the Council or with approval of the Minister. The value of the contributed capital of the Endowment Fund after inflation should not diminish over time. Until such time as the endowed funds reach one million dollars, all earnings of the fund will be retained to grow the Endowment Fund.

During the year, Council passed a resolution approving the transfer of a certain amount of the accumulated investment income from the Endowment Fund to support current operations for the year ended March 31, 2002, if necessary. However, no funds were transferred from the Endowment Fund in the year ended March 31, 2002.

	2002	2001
Capital contributions and donations		
Opening balance	$ 725,800	$ 644,915
Current year	350	80,885
	726,150	725,800
Investment income less expenses		
Opening balance	74,557	51,997
Current year	12,572	22,560
	87,129	74,557
Total	$ 813,279	$ 800,357

9. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2002	2001
Accounts receivable	$ (3,322)	$ 16,737
Prepaid expense	(650)	—
Accounts payable and accrued liabilities	(36,140)	(118,906)
Deferred contributions	(49,407)	(119,017)
	$ (89,519)	$ (221,186)

10. ENDOWMENT CONTRIBUTIONS

	2002	2001
Donations	$ 350	$ 80,885
Investment income	26,761	35,474
Bank and investment management charges	(14,188)	(12,914)
	$ 12,923	$ 103,445

11. ECONOMIC DEPENDENCE

The Nova Scotia Arts Council is funded entirely by a grant from the Province of Nova Scotia. The amount of this grant is determined annually by the Province.

On March 26, 2002 the Nova Scotia government suspended operations of the Nova Scotia Arts Council and appointed an interim Executive Director to carry out the activities of the Arts Council. The interim Executive Director reports to the Minister of Tourism and Culture.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Interest rate risk

The organization's investment portfolio is exposed to financial risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The organization does not use derivative instruments to reduce its exposure to interest risk.

(b) Market risk

The organization's investment portfolio is exposed to the normal risks associated with investments in the financial markets. The investment portfolio is managed by a professional money manager in accordance with the investment policy established by the Endowment Fund Trustees.

(c) Fair value of financial instruments

The fair value of cash and equivalents, receivables, accounts payable and accrued liabilities and deferred contributions corresponds to their carrying value.

Schedule 1

NOVA SCOTIA ARTS COUNCIL

OTHER REVENUE
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Interest	$ 21,000	$ 17,893	$ 34,829

Schedule 2

GRANTS PROGRAMS FOR INDIVIDUALS
Year ended March 31, 2002

Professional development	$ 42,000	$ 42,000	$ 39,465
Presentation	56,000	56,000	53,166
Creation	296,000	296,000	302,299
	$ 394,000	$ 394,000	$ 394,930

Schedule 3

GRANT PROGRAMS FOR ORGANIZATIONS
Year ended March 31, 2002

Production	$ 196,000	$ 184,101	$ 203,493
Touring (returned grants)	—	(8,485)	23,993
Commissioning	22,000	21,400	19,600
Operating	254,000	254,000	279,000
Professional development	24,000	22,747	23,813
	$ 496,000	$ 473,763	$ 549,899

Schedule 4

NOVA SCOTIA ARTS COUNCIL

ASSESSMENTS - JURIES
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Assessment - juries (individuals)			
Per diems	$ 1,728	$ 2,055	$ 1,333
Travel	3,559	2,874	1,629
Accommodation	4,368	4,943	3,877
Honorarium	7,488	8,216	7,696
Meetings	—	282	2,537
	17,143	18,370	17,072
Assessment - juries (organizations)			
Per diems	1,296	1,060	1,300
Travel	3,245	979	1,759
Accommodation	2,700	2,477	2,320
Honorarium	5,616	4,108	6,032
Meetings	—	282	1,221
SUSPAC expenses	—	7,282	—
	12,857	16,188	12,632
Total assessments - juries	$ 30,000	$ 34,558	$ 29,704

Schedule 5

ADMINISTRATIVE EXPENSES
Year ended March 31, 2002

Salaries	$ 110,500	$ 110,916	$ 92,540
Employee benefits	16,575	13,151	9,949
Travel - Executive Director	8,000	6,554	8,507
Travel - relocation	—	—	8,732
Board honoraria	9,400	2,520	3,630
Board travel	5,000	4,951	6,489
Board meetings	6,600	4,657	3,374
Office rent	32,666	33,089	26,630
Supplies and services (Schedule 6)	50,000	31,311	48,651
Professional fees	13,000	12,551	15,704
Amortizaiton	—	5,789	7,889
Capital purchases	2,000	—	—
Public relations	—	—	1,377
Miscellaneous	2,000	319	3,614
Total administrative	$ 255,741	$ 225,808	$ 237,086

NOVA SCOTIA ARTS COUNCIL

SUPPLIES AND SERVICES
Year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Advertising and promotion	$ —	$ —	$ 187
Annual report	2,000	—	—
Bank charges	1,000	1,606	1,878
Conference	—	—	76
Courier	1,500	621	628
Equipment rental	2,200	2,986	1,760
Insurance	2,000	1,417	1,882
Job search costs	1,000	—	13,591
Membership dues	200	150	194
Newsletter/web site	4,600	2,159	6,863
Postage	4,500	4,223	2,631
Printing costs	10,300	6,229	3,999
Professional development	—	525	319
Stationary and supplies	12,700	5,164	8,039
Telephone	8,000	6,231	6,604
	$ 50,000	$ 31,311	$ 48,651

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of the Office of Economic Development

I have audited the balance sheet of the Nova Scotia Business Development Corporation as at November 6, 2001 and the statement of continuity of fund for the period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

These financial statements reflect proposed write-offs of assistance outstanding of $430,000 which were yet to be approved by Governor in Council as required under Section 23 of the Provincial Finance Act.

In my opinion, except for the effect of adjustments, if any, which might be determined to be necessary should Governor in Council not approve the amounts for write-off, these financial statements present fairly, in all material respects, the financial position of the Corporation as at November 6, 2001, and the continuity of fund for the period then ended in accordance with the basis of accounting required by Section 15 of the Business Development Corporation Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 7, 2002

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Balance Sheet
November 6, 2001

ASSETS

	November 6, 2001	March 31, 2001
	(in thousands)	
Loans and Shares, at cost		
Loans receivable	$ 152,451	$ 146,418
Venture investments	5,477	7,014
Community Business Loan Program	2,742	3,152
Shares (Note 3)	12,742	17,437
	173,412	174,021
Less: Provision for concessionary assistance (Note 4)	3,595	14,352
Allowance for doubtful accounts	38,773	28,317
	42,368	42,669
	131,044	131,352
Industrial parks (Note 5)	21,941	22,053
Other assets	978	987
Less: Provision for decline in value	840	864
	138	123
Due from consolidated fund		
Guarantees (Note 6)	6,649	10,318
Less: Provision for payment under guarantees	2,719	5,444
	3,930	4,874
Assistance authorized but unadvanced	31,536	53,021
	35,466	57,895
	$ 188,589	$ 211,423

FUNDING AUTHORIZED AND COMMITTED

	November 6, 2001	March 31, 2001
Authorized, net of write-offs	$ 273,106	$ 276,283
Less: Provision for concessionary assistance and possible losses on assistance (Note 7)	45,927	48,977
Net fund balance	227,179	227,306
Less: Uncommitted balance of fund	38,590	15,883
	$ 188,589	$ 211,423

Contingencies (Note 9)
Subsequent event (Note 10)

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Statement of Continuity of Fund
November 6, 2001

	November 6, 2001	March 31, 2001
	(in thousands)	
Balance, beginning of year	$ 276,283	$ 285,768
Deduct: Accounts written off	3,177	9,485
Balance, end of year	$ 273,106	$ 276,283
Comprising:		
Loans receivable, shares and other assets	$ 174,390	$ 175,008
Industrial parks	21,941	22,053
Guarantees in effect and utilized	6,244	10,175
Loans and other investments authorized, but unadvanced and guarantees in effect but not utilized	31,941	53,164
Uncommitted balance	38,590	15,883
	$ 273,106	$ 276,283

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION
NOVA SCOTIA BUSINESS DEVELOPMENT CORPORATION FUND

Notes to the Financial Statements
November 6, 2001

1. Authority

The Nova Scotia Business Development Corporation was established pursuant to the Business Development Corporation Act. The Act provided for the creation of the Nova Scotia Business Development Corporation Fund. The object of the Corporation is to encourage business development in the Province by providing financial assistance to business through the Fund, or such other assistance as may be determined by the Governor-in-Council. The Corporation's activities are administered through a division of the Office of Economic Development.

2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b), (c), (f) and (g) below.

Administrative expenses and interest revenue

(a) Administrative expenses of the Corporation are recorded in the accounts of Nova Scotia Business Inc. and are not reflected in the financial statements. Expenses relating to the change in the provision for possible losses on assitance and possible payments on guarantees are included in the accounts of the Office of Economic Development and are not reflected in the financial statements. Revenues earned on guarantees are included in the accounts of the Office of Economic Development and are not reflected in the financial statements of the Fund. Interest and other income earned on loans and shares is included in the accounts of the Deparment of Finance and is not reflected in the financial statements.

Statement of cash flows

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the Fund and the balance sheet is considered adequate.

Current assets

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

Venture investments

(d) Venture investments represent financial assistance (in the form of loans) to companies in emerging technology sectors and are primarily secured by interests in intellectual property and other assets.

Venture investments are initially recorded at cost. These investments continue to be carried at cost unless there exists persuasive evidence of a decrease in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts and other developments.

Industrial parks

(e) Industrial parks are carried at cost of acquisition plus direct costs of improvements, net of proceeds of disposal. Selling prices are established using estimated market value. The park lands are reflected on an aggregate basis at the lower of cost or estimated market value.

(f) The buildings in the parks are carried at book value. No depreciation is charged on the buildings.

(g) Operational responsibility for the industrial parks has been assigned to the Department of Transportation and Public Works. Revenues and expenses associated with the operation of the industrial parks are accounted for by the Department of Transportation and Public Works and are not reflected in these financial statements.

Other assets

(h) Properties acquired through foreclosure are carried at the cost of acquisition and are subject to a provision for write down annually to estimated realizable value.

Provision for concessionary assistance

(i) The Corporation provides for the effect of the decrease in valuation of certain loans and shares due to assistance being provided with concessionary terms.

Allowance for doubtful accounts

(j) The Corporation provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis except for loans under the Community Business Loan Program for which a blanket provision is determined based on prior years' loan performance. In addition, a general reserve is provided on any unreserved assistance outstanding.

Use of estimates

(k) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Shares

	November 6, 2001	March 31, 2001
	(in thousands)	
Preferred shares	$ 9,619	$ 14,329
Common shares and equity interests	3,123	3,108
	$ 12,742	$ 17,437

Shares are recorded at cost. Any provision for the decline of fair market value below the cost of shares has been included in the allowance for doubtful accounts.

4. Provision for concessionary assistance

The provision for concessionary assistance is the difference between the net present value at period end of the anticipated future repayments to be received by the Fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the Corporation.

The terms of concessionary assistance through the Corporation include low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to or recovery of the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance. The assistance outstanding, provision for concessionary assistance and net book value related to each of the loans and shares is as follows:

	November 6, 2001			March 31, 2001
	Assistance Outstanding	**Provision for Concessionary Assistance**	**Net Book Value** (in thousands)	**Net Book Value**
Loans	$ 1,185	$ 350	$ 835	$ 5,270
Shares	7,398	3,245	4,153	5,483
	$ 8,583	$ 3,595	$ 4,988	$ 10,753

5. Industrial parks

These parks include land in various stages of development from unimproved to fully developed and serviced lots. The parks also include buildings which are mainly used as incubator malls.

No provision has been made to reflect on an individual park-by-park basis the difference between the carrying cost and fair market value. As at November 6, 2001 the cumulative excess of market value as determined by management over cost was approximately $6,441,860.

No provision has been made to record depreciation on incubator malls or other buildings and property.

6. Guarantees

	November 6, 2001 (in thousands)	March 31, 2001
Guarantees - in effect and utilized	$ 6,244	$ 10,175
Guarantees - in effect but not utilized	405	143
	$ 6,649	$ 10,318

During the period, no guarantees were paid out.

7. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	November 6, 2002	March 31, 2001
	(in thousands)	
Balance, beginning of period	$ 48,977	$ 47,159
Deduct: Accounts transferred to Industrial Expansion Fund	12,473	—
	36,504	47,159
Add: Current period provision	12,600	11,303
Deduct: Accounts written off	3,177	9,485
Balance, end of period	$ 45,927	$ 48,977

8. Amounts transferred to the Industrial Expansion Fund

Order in Council 2001-523 dated November 6, 2001 authorized the transfer of certain accounts of the Nova Scotia Business Development Corporation Fund to the Industrial Expansion Fund.

A summary of the amounts transfered is as follows:

	(in thousands)
Loans receivable	$ 10,205
Shares	5,028
	15,233
Provision for possible losses	(9,473)
	5,760
Guarantees in effect	3,000
Provision for payment	(3,000)
	—
	$ 5,760

9. Contingencies

(a) Environmental remediation

The Corporation has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. An estimate of the amount of future costs under these agreements cannot be reasonably determined and is not reflected in the financial statements.

(b) Litigation

The Corporation is defending two legal actions relating to:

i) a dispute in regard to an agreement of purchase and sale. The amount claimed is $600,000.

Counsel in unable to form an opinion at this early date in regard to the merit of this claim and consequently no provision for any possible loss has been recorded in these financial statements.

ii) the termination of a contract. No specific amount has been claimed.

The Province has agreed to fund any potential loss arising from this claim. As of November 6, 2002, $200,000 has been accrued in the accounts of the Office of Economic Development.

10. Subsequent event

Order-in-Council 2001-523 authorized, effective November 6, 2001, the transfer of the outstanding Fund balance and related assets of the Nova Scotia Business Development Corporation Fund to the Nova Scotia Business Fund, a fund of Nova Scotia Business Inc.

AUDITORS' REPORT

To the Board of Governors of the
Nova Scotia Community College

We have audited the statement of financial position of the Nova Scotia Community College as at March 31, 2002 and the statements of revenue and expenditures, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2002 and the results of its operations and the cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

June 14, 2002

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Financial Position
as at March 31, 2002

ASSETS

	2002	2001
Current assets		
Cash	$ 8,659,867	$ 3,883,707
Accounts receivable (Note 3)	6,703,325	10,857,499
Inventory	663,027	506,286
Prepaids	763,571	576,051
	16,789,790	15,823,543
Capital assets (Notes 2 and 4)	6,721,880	7,498,847
Endowment assets (Note 5)	745,773	698,062
Pensionable advance (Note 13)	793,935	191,570
	$ 25,051,378	$ 24,212,022

LIABILITIES

	2002	2001
Current liabilities		
Accounts payable and accrued liabilities	$ 12,120,252	$ 12,153,996
Deferred revenue (Note 6)	2,359,139	1,677,540
	14,479,391	13,831,536
Deferred revenue related to capital assets (Note 7)	1,643,876	1,589,516
	16,123,267	15,421,052

NET ASSETS

	2002	2001
Invested in capital assets (Note 8)	5,078,004	5,909,331
Restricted for endowment purposes (Note 5)	745,773	698,062
Restricted for college development (Note 12)	3,104,334	2,183,577
	8,928,111	8,790,970
	$ 25,051,378	$ 24,212,022

Commitments (Note 14)

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Revenue and Expenditures
Year Ended March 31, 2002

	2002	2001
Revenue		
Province of Nova Scotia (Note 9)	$ 60,779,000	$ 55,536,229
Government of Canada	8,439,955	8,323,107
Tuition and fees	13,643,657	11,682,186
Customized training	10,635,033	10,495,983
Amortization of deferred revenue related to capital assets	945,640	1,379,945
Other (Note 10)	12,398,664	12,745,491
	106,841,949	100,162,941
Expenditures		
Salaries and benefits	70,402,312	62,566,844
Operating supplies and services	19,824,816	20,567,211
Equipment, rentals, other	6,572,385	7,953,436
Utilities and maintenance	7,083,169	6,379,456
Amortization	2,869,837	2,569,740
	106,752,519	100,036,687
Excess of revenue over expenditures	$ 89,430	$ 126,254

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended March 31, 2002

		2002		2001
Net inflow (outflow) of cash related to the following activities:				
Operating				
Excess of revenue over expenditures	$	89,430	$	126,254
Items not affecting cash				
Amortization of deferred revenue related to capital assets		(945,640)		(1,379,945)
Amortization		2,869,837		2,569,740
Loss on disposal of capital assets		6,980		8,556
		2,020,607		1,324,605
Changes in non-cash working capital items (Note 11)		4,457,768		1,353,248
		6,478,375		2,677,853
Investing				
Purchase of capital assets		(2,099,850)		(6,319,726)
Financing				
Pensionable Advance		(602,365)		(191,570)
Deferred revenue related to capital assets		1,000,000		795,771
		397,635		604,201
Net cash inflow (outflow)		4,776,160		(3,037,672)
Cash position, beginning of year		3,883,707		6,921,379
Cash position, end of year	$	8,659,867	$	3,883,707

NOVA SCOTIA COMMUNITY COLLEGE

Statement of Changes in Net Assets
Year Ended March 31, 2002

	Invested in Capital Assets	Unrestricted	Restricted for Endowment Purposes (Note 5)	Restricted for College Development (Note 12)	2002 Total	2001 Total
Balance, beginning of year	$ 5,909,331	$ —	$ 698,062	$ 2,183,577	$ 8,790,970	$ 8,524,934
Excess (deficiency) of revenue over expenditures	(1,924,197)	2,013,627	—	—	89,430	126,254
Investment in capital assets	1,092,870	(2,013,627)	—	920,757	—	—
Endowment contributions and interest	—	—	277,512	—	277,512	459,905
Endowment disbursements	—	—	(229,801)	—	(229,801)	(320,123)
Balance, end of year	$ 5,078,004	$ —	$ 745,773	$ 3,104,334	$ 8,928,111	$ 8,790,970

1. OVERVIEW OF OPERATIONS

The Nova Scotia Community College was established as a post-secondary public education corporation under the authority of the Community College Act of Nova Scotia effective April 1, 1996.

The College, with thirteen campuses across the Province, is responsible for enhancing the economic and social well being of Nova Scotia by meeting the occupational training requirements of the population and the labour market.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Actual results could differ from those estimates.

b) Revenue Recognition

The College follows the deferral method of accounting for revenue. Tuition fees, residence fees and sales are recognized when the services are provided or the goods are sold. Funding for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding received for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and amounts held by financial institutions with maturities of less than 90 days.

d) Capital Assets

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis over the following estimated useful life:

Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	2 to 5 years
Management Information System (MIS)	5 years

Land and buildings that are owned by the Province are not reflected in the assets of the College. Improvements made to these buildings are therefore expensed in the year. Improvements made to these buildings with leases in place are capitalized and amortized over their useful life or the term of the lease, whichever is less.

e) Contributed Services

The Province provides the College with buildings at thirteen campuses (in excess of two million square feet) and is responsible for the maintenance of the physical plant and building infrastructure, the benefit of which is not reflected in these financial statements.

f) Inventory

Inventory consist of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

3. ACCOUNTS RECEIVABLE

	2002	2001
Organizations	$ 3,482,361	$ 7,841,808
Student fees	2,527,493	1,577,477
Government funding	1,000,450	1,000,000
Harmonized Sales Tax	540,971	897,215
Allowance for doubtful accounts	(847,950)	(459,001)
	$ 6,703,325	$ 10,857,499

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2002	Net Book Value 2001
Computer equipment	$ 5,704,000	$ 5,448,250	$ 255,750	$ 396,357
Furniture and equipment	5,771,418	3,800,532	1,970,886	2,093,696
Leasehold improvements	233,661	145,444	88,217	47,956
MIS	6,197,789	1,790,762	4,407,027	4,960,838
	$ 17,906,868	$ 11,184,988	$ 6,721,880	$ 7,498,847

5. ENDOWMENT ASSETS

The balance, which is externally restricted for endowment purposes, represents donations and related interest restricted for scholarships, awards and other specified purposes.

6. DEFERRED REVENUE

Deferred revenue represents the unearned portion of amounts received for specific purposes and is summarized as follows:

	2002	2001
Apprenticeship	$ 642,343	$ 56,743
Process Control	---	600,000
Customized training	1,190,830	736,174
Other	525,966	284,623
	$ 2,359,139	$ 1,677,540

7. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

Deferred revenue related to capital assets represents the unamortized portion of funding received from the Province of Nova Scotia for capital asset additions. The changes in the deferred balance are as follows:

	2002	2001
Beginning balance	$ 1,589,516	$ 2,173,690
Contributions received	1,000,000	795,771
Amortization of deferred revenue related to capital assets	(945,640)	(1,379,945)
Ending balance	$ 1,643,876	$ 1,589,516

8. NET ASSETS INVESTED IN CAPITAL ASSETS

	2002	2001
Capital assets, net of amortization	$ 6,721,880	$ 7,498,847
Deferred revenue related to capital assets	(1,643,876)	(1,589,516)
	$ 5,078,004	$ 5,909,331

9. REVENUE-PROVINCE OF NOVA SCOTIA

	2002	2001
Funding received	$ 61,779,000	$ 56,332,000
Portion related to capital assets	(1,000,000)	(795,771)
	$ 60,779,000	$ 55,536,229

10. OTHER REVENUE

Other revenue is summarized as follows:

	2002	2001
Bookstore revenue	$ 3,482,247	$ 3,445,004
Food sales	1,493,909	1,368,389
Apprenticeship/Shop	1,944,361	2,149,012
Interest	307,097	774,176
Recoveries	2,156,564	1,900,207
Applied research	68,146	662,844
Lodging, rent and miscellaneous	2,946,340	2,445,859
	$ 12,398,664	$ 12,745,491

11. CHANGES IN NON-CASH WORKING CAPITAL

	2002	2001
Decrease (increase) in accounts receivable	$ 4,154,174	$ (2,926,165)
(Increase) decrease in inventory	(156,741)	102,058
(Increase) in prepaids	(187,520)	(337,423)
(Decrease) increase in accounts payable	(33,744)	4,364,801
Increase in deferred revenue	681,599	149,977
	$ 4,457,768	$ 1,353,248

12. RESTRICTED FOR COLLEGE DEVELOPMENT

These funds have been internally restricted by the Board to ensure that the funds are used solely for college development projects.

13. PENSIONABLE ADVANCE

When the College took over the Payroll function from the Province, it had to book a receivable, which represented a pay advance to staff. This was to account for the move from "paid to date" to "paid in arrears." This receivable was formally held by the Province.

14. COMMITTMENTS

The College is committed to the following lease and maintenance agreement payments over the next five years:

2003	2004	2005	2006	2007
$ 461,053	$ 200,335	$ 116,759	$ 80,744	$ 13,249

15. PENSION PLAN

The Nova Scotia Community College contributes to two pension plans administered by the Province of Nova Scotia. The Province of Nova Scotia assumes the actuarial risk.

The College matches employees' contributions calculated as follows for the Nova Scotia Public Service Superannuation Plan: 5.4% on the part of their salary that is equal to or less than the "year's Maximum Pensionable Earnings" (YMPE) under the Canada Pension Plan (CPP) and 7% on the part of their salary that is excess of YMPE. Under this plan, the College has recognized contributions of $2,831,510 in 2002.

The College matches employees' contributions calculated as follows for the Nova Scotia Teachers' Union Pension Plan: 8.3% on the part of their salary that is equal to or less than the YMPE under the CPP and 9.9% on the part of their salary that is excess of YMPE. Under this plan, the College has recognized contributions of $5,288,023 in 2002.

16. COMPARATIVE FIGURES

Certain 2001 figures have been reclassified to confirm to the 2002 financial statement presentation.

AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members of the Nova Scotia Crop
& Livestock Insurance Commission

I have audited the balance sheet of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2002, and the statements of income and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 24, 2002

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Balance Sheet
March 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ 103,952	$ 126,276
Short-term investments (note 3)	5,583,399	5,569,522
Receivables, trade	51,734	55,443
Accrued interest receivable	51,293	195,708
	5,790,378	5,946,949
Capital assets (note 4)	33,921	45,704
	$ 5,824,299	$ 5,992,653
LIABILITIES		
Current		
Unearned premiums	$ 31,415	$ 30,908
Deposits for insurance	16,734	562
Provision for payment of unsettled indemnities (note 5)	30,000	219,373
	78,149	250,843
Deferred contributions related to capital assets (note 6)	33,922	45,704
	112,071	296,547
FUND BALANCES		
Fund balances		
Crop insurance	4,764,779	4,811,349
Livestock insurance	947,449	884,757
	5,712,228	5,696,106
	$ 5,824,299	$ 5,992,653

Commitments (note 10)

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Statement of Income and Fund Balances
year ended March 31, 2002

	Crop Insurance	Livestock Insurance	Other	Totals 2002	Totals 2001
Revenues					
Insurance premiums (Schedule A)	$ 666,540	$ 27,737	$ —	$ 694,277	$ 689,010
Interest income	206,563	39,345	—	245,908	341,088
Amortization of deferred contributions	—	—	11,783	11,783	12,694
	873,103	67,082	11,783	951,968	1,042,792
Indemnity claims (Schedule A)	919,673	4,390	—	924,063	491,715
Administrative expenses (note 7) (Schedule B)	598,865	6,109	6,109	611,083	599,861
Amortization of capital assets	—	—	11,783	11,783	12,694
	1,518,538	10,499	17,892	1,546,929	1,104,270
Income (loss) before Government contributions	(645,435)	56,583	(6,109)	(594,961)	(61,478)
Government contributions (note 8)	598,865	6,109	6,109	611,083	599,861
Net Income	(46,570)	62,692	—	16,122	538,383
Fund Balance					
Beginning of year	4,811,349	884,757	—	5,696,106	5,157,723
End of year	$ 4,764,779	$ 947,449	$ —	$ 5,712,228	$ 5,696,106

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Statement of Cash Flows
Year Ended March 31, 2002

	2002	2001
Operating Activities		
Net income	$ 16,122	$ 538,383
Net Change in non-cash working capital balances related to operations (note 9)	(24,569)	(132,320)
	(8,447)	406,063
Investing Activities		
Purchase of short-term investments	(13,877)	(337,449)
Increase (decrease) in cash during year	(22,324)	68,614
Cash, beginning of year	126,276	57,662
Cash, end of year	$ 103,952	$ 126,276

Notes to Financial Statements
March 31, 2002

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following accounting policy.

Capital Assets

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for office furniture is 10 years and for equipment is 5 or 10 years depending on the type of equipment.

3. Short-term investments

The commission invests excess funds to be used to pay future indemnity claims. At March 31, 2002 these funds had a market value of $5,582,330 (2001 - $5,632,446) and were invested in various corporate and provincial bonds maturing in 2002 and 2003 with yields from 2.2% to 5.1%.

4. Capital Assets

	2002	2001
Equipment and furniture	$ 92,426	$ 92,426
Accumulated amortization	(58,505)	(46,722)
	$ 33,921	$ 45,704

5. Provision for payment of unsettled indemnities

Winter Grain is planted in the fall, but is not harvested until the following fall. Therefore, crop yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crop yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

6. Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture and Fisheries on behalf of the Commission.

	2002	2001
Balance, beginning of year	$ 45,705	$ 56,726
Add: Capital assets acquired	—	1,672
Less: Amounts amortized to revenue	(11,783)	(12,694)
Balance, end of year	$ 33,922	$ 45,704

7. Related Party Transactions

Administrative expenses include $30,000 (2001 - $30,000) for rent and $44,240 (2001 - $44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture and Fisheries.

8. Government Contributions

Under the crop insurance programs, producers pay 50% of the insurance premiums and the Federal and Provincial governments each pay 25%. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock insurance program or in non-refundable deposits.

For the 2002 fiscal year, the Federal government contributed 49% (2001 - 49%) of the total administrative expenses. The Provincial government funded the remainder.

9. Net change in non-cash working capital balances related to operations

	2002	2001
Increase (decrease) in cash from changes in:		
Receivables	$ 3,709	$ (22,518)
Accrued interest receivable	144,415	(47,794)
Increase in deposits for insurance	16,173	(14,212)
Unsettled indemnities	(189,374)	(48,204)
Unearned premiums	508	408
	$ (24,569)	$ (132,320)

10. Insurance Coverage

The total insurance coverage as of March 31, 2002 was $40,588,927 (2001 - $37,624,038), comprising crop insurance of $14,747,927 (2001 - $14,228,038) and livestock insurance of $25,841,000 (2001 - $23,396,000).

The Province is party to an agreement with the Government of Canada, whereby, the Province makes advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund is to assist the Province of Nova Scotia when there is a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Advances to this Fund are recorded by the Province as a loan receivable, although they have not been reflected in the accounting records of the Commission.

The total re-insurance premiums paid by the Province have amounted to approximately $709,000. Management hold the opinion that the payment of these premiums was the responsibility of the Province. Discussions will be held in the next fiscal year to determine if the Commission should repay all, or a portion, of these re-insurance premiums to the Province. The amount, if any, to be repaid to the Province will be recorded by the Commission at that time.

There is no Re-Insurance Fund for livestock.

11. Public Service Superannuation Fund

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability. The pension expense incurred in the current year was $20,824.

12. Economic dependance

The Commission is economically dependant upon the ongoing and future funding of the Nova Scotia and Federal governments.

Schedule A

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Premium Revenue and Indemnity Claims
for the year ended March 31, 2002

	Premium Revenue					Indemnity Claims	
	Farmer	Federal	Provincial	2002	2001	2002	2001
Crop Insurance							
Spring grain	$ 22,994	$ 11,497	$ 11,497	$ 45,988	$ 44,879	$ 60,071	$ 58,339
Winter grain	13,204	6,602	6,602	26,408	19,676	14,623	9,248
Tree fruit	107,303	53,651	53,651	214,605	212,745	99,201	39,197
Corn	20,645	10,323	10,323	41,291	41,953	10,410	21,829
Peas & Beans	35,914	17,957	17,957	71,828	84,385	77,087	11,723
Blueberries	58,222	29,112	29,112	116,446	101,232	257,996	27,693
Strawberries and raspberries	5,386	2,693	2,693	10,772	7,603	9,615	13,846
Forage	3,895	3,358	2,417	9,670	10,356	6,391	2,518
Soybeans	4,957	2,478	2,478	9,913	5,813	6,785	2,400
Potatoes	25,155	12,577	12,577	50,309	69,552	160,874	—
Vegetables	34,654	17,328	17,328	69,310	74,286	216,620	99,223
	332,329	167,576	166,635	666,540	672,480	919,673	286,016
Livestock Insurance							
Dairy	27,737	—	—	27,737	16,530	4,390	205,699
Total	$ 360,066	$ 167,576	$ 166,635	$ 694,277	$ 689,010	$ 924,063	$ 491,715

Schedule B

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

Administrative Expenses
for the year ended March 31, 2002

	Insurance			Totals	
	Crop	Livestock	Other	2002	2001
Personnel	$ 434,958	$ 4,438	$ 4,438	$ 443,834	$ 404,860
Transportation and communication	49,037	500	500	50,037	43,168
Information	9,934	101	101	10,136	9,815
Professional and special services	7,713	79	79	7,871	29,786
Office accommodation and equipment rental	34,494	352	352	35,198	30,915
Repair and maintenance of equipment	511	5	5	521	692
Utilities, materials and supplies	18,863	192	192	19,247	12,600
Other expenditures	43,355	442	442	44,239	68,025
	$ 598,865	$ 6,109	$ 6,109	$ 611,083	$ 599,861

AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members of the Nova Scotia Farm Loan Board

I have audited the statement of financial position of the Nova Scotia Farm Loan Board as at March 31, 2002 and the statements of revenues and expenses, and retained earnings for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
May 2, 2002

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA FARM LOAN BOARD

Statement of Financial Position
as at March 31, 2002

ASSETS

	2002	2001 (Restated-Note 7) (in thousands)
Accounts receivable	$ 5,509	$ 5,648
Due from Department of Finance	1,687	1,515
Loans receivable (Note 3)	160,137	160,737
Real estate (Note 4)	5,138	4,193
	$ 172,471	$ 172,093

LIABILITIES AND RETAINED EARNINGS

	2002	2001
Insurance reserve (Note 5)	$ 2,350	$ 2,350
Advances from Department of Finance (Note 2)	169,231	169,095
Retained earnings (Note 6)	890	648
	$ 172,471	$ 172,093

Commitments (Note 8)

Statement of Revenues and Expenditures
For the Year Ended March 31, 2002

	2002	2001 (in thousands)
Revenues		
Interest revenue	$ 13,213	$ 12,486
Fee revenue	467	201
Insurance revenue	169	573
Other revenue	—	9
	13,849	13,269
Expenses		
Interest expense (Note 2)	10,677	9,961
Operating expenses (Note 9)	992	929
Bad debt expense	972	663
	12,641	11,553
Income before Government contributions	1,208	1,716
Government Contributions (Note 9)	992	929
Net Income	$ 2,200	$ 2,645

Statement of Retained Earnings
For the Year Ended March 31, 2002

	2002	2001 (Restated-Note 7) (in thousands)
Retained earnings, as previously reported	$ 648	$ 652
Restatement of prior years' retained earnings (Note 7)	—	(347)
As restated	648	305
Income before Government contributions	1,208	1,716
Distribution to Department of Finance (Note 6)	(966)	(1,373)
Retained earnings, end of year	$ 890	$ 648

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA FARM LOAN BOARD

Notes to Financial Statements
March 31, 2002

1. Authority

The Nova Scotia Farm Loan Board operates under the authority of the Agricultural and Rural Credit Act. The Board was established to increase agricultural activities in the Province by providing financial assistance to farmers.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are significant accounting policies of the Board.

a) **Interest Expense**
Loans provided by the Board are funded through quarterly advances from the Department of Finance. Advances are based on the Board's estimated requirement for the forthcoming quarter. Interest expense is calculated in accordance with the terms of a Memorandum of Understanding between the Board and the Department of Finance, based on the Department's cost of borrowing the Funds advanced.

b) **Allowance for Doubtful Accounts**
The Board provides for possible losses on loans receivable and real estate on an item by item basis. In addition, a general reserve is provided on loans receivable.

c) **Measurement Uncertainty**
Measurement uncertainty exists in financial statements when recorded amounts such as loan valuation allowances are based on assumptions or estimates. Accuracy of these numbers depends on the completeness and quality of information available when the recorded amount is derived. There could be significant variances between the estimates recorded and the actual results achieved.

3. Loans Receivable

	2002	2001
	(in thousands)	
Farm loans	$ 163,177	$ 163,816
Timber loans	1,798	1,759
	164,975	165,575
Less: Allowance for doubtful accounts	4,838	4,838
	$ 160,137	$ 160,737

4. Real Estate - at lower of cost and net realizable value

	2002	2001
	(in thousands)	
Real estate being leased or held	$ 5,283	$ 3,655
Land bank	2,033	2,252
Land consolidation		
Agricultural Rural Development Agreement (ARDA)	84	85
Less: Federal Government share of cost of ARDA properties	(43)	(43)
Held for Department of Agriculture and Fisheries	450	363
	7,807	6,312
Less: Allowance for doubtful recoveries	2,669	2,119
	$ 5,138	$ 4,193

5. Insurance Reserve

		2002	2001
			(in thousands)
Balance, beginning of year		$ 2,350	$ 2,673
Add:	Premiums collected	373	363
	Interest earned	79	86
		452	449
Deduct:	Insurance costs before administration fees	203	119
	Administration fees	80	80
	Transfer to revenue	169	573
		452	772
Balance, end of year		$ 2,350	$ 2,350

The Board requires borrowers to participate in a group life insurance program administered by the Board. The carrier of the insurance will pay claims up to 100% and above 125% of premiums received from borrowers during the year. The insurance reserve will be used to fund the portion of claims that fall between these two limits. In addition, the Board may use the reserve to maintain or reduce future premiums charged to borrowers under the policy, pay for professional services related to the program, and contribute funds towards the acquisition of a computer system for Board operations.

In the year ended March 31, 2001, the Board commenced the practice of estimating the total amount of insurance reserve needed to fulfil the purpose of the reserve. Any funds in excess of this amount will be transferred to the general revenues of the Board. For the year ended March 31, 2002 a balance of $2,350,000 was established for the reserve and $169,000 (2001 - $573,000) was transferred to revenue.

Of the total reserve, $797,000 (2001 - $867,000) is held by the Department of Finance, and is included on the statement of financial position in the amount due from the Department of Finance. The remaining $1,553,000 (2001 - $1,483,000) is held by the carrier of the insurance plan, and is included in the accounts receivable of the Board. Interest is paid by the insurance plan carrier on an annual basis for certain funds and on a daily basis for other funds, and the interest rates used are set at the beginning of each policy year. The funds held by the Department of Finance bear no interest.

6. Retained Earnings

A Memorandum of Understanding dated March 16, 1999 between the Nova Scotia Farm Loan Board and the Department of Finance enables the Board to retain 20% of income before government contributions for future use. The agreement took affect as of April 1, 1998. Previously, all net income of the Board was transferred to the Department of Finance. Net income retained is included on the statement of financial position in the amount due from the Department of Finance, and cannot be expended without the consent of the Department.

7. Restatement of Retained Earnings

The Board changed the basis of calculating additions to retained earnings from 20% of net income to 20% of income before government contributions. The change was made to conform with the Department of Finance's interpretation of the Memorandum of Understanding between the two parties outlining this process (see note 6). The change has been applied retroactively and the financial statements for the year ended March 31, 2001 have been restated. The impact of the change on the March 31, 2001 balance sheet is to decrease due from Department of Finance and retained earnings by $533,000. The impact on the statement of retained earnings for the year ended March 31, 2001 is to record income before government contributions of $1,716,000 and decrease distribution to Department of Finance by $743,000. Retained earnings at the beginning of the year are decreased by $347,000, and are decreased by $533,000 at the end of the year.

Certain other 2001 figures have been reclassified to conform with the presentation adopted for the 2002 financial statements.

8. Commitments

As at March 31, 2002, the Board had authorized loans of $1,664,000 (2001 - $4,979,000) which had not been disbursed.

9. Operating Expenses

The operating expenses of the Board are paid by the Department of Agriculture and Fisheries on behalf of the Board.

	2002	2001
		(in thousands)
Salaries and benefits	$ 835	$ 801
Supplies and services	66	48
Travel	40	41
Training and development	9	17
Professional services	19	13
Other	23	9
	$ 992	$ 929

10. Loss Provision Program

The Department of Agriculture and Fisheries administers a program that aids farmers having difficulty meeting financial obligations due to hardship caused by unfavourable weather conditions. The program assists farmers with interest and/or principal payments on loans they have with a recognized public-sector or priviate-sector lending agency. During the year ended March 31, 2002 the program paid $6,786,000 (2001 -$5,108,000) to or on behalf of farmers, $1,350,000 (2001 - $959,000) of which was applied against loans held by the Nova Scotia Farm Loan Board.

11. Public Service Superannuation Fund

All full time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

AUDITOR'S REPORT

To the Members of the Board the
Nova Scotia Film Development Corporation:

We have audited the statement of financial position of the Nova Scotia Film Development Corporation as at March 31, 2002 and the statements of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and the cash flows for the year then ended in accordance with the accounting policies as outlined in Note 2 to the financial statements.

LEVY CASEY CARTER MACLEAN
CHARTERED ACCOUNTANTS

Halifax, Nova Scotia
May 23, 2002

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Statement of Financial Position
March 31, 2002

ASSETS

	General Fund	MTT New Media Fund	Total 2002	Total 2001
Current				
Cash and short term investments	$ 1,417,673	$ 389,536	$ 1,807,209	$ 1,752,675
Other receivables	98,682	---	98,682	151,547
Prepaid expenses	14,098	---	14,098	12,198
	$ 1,530,453	$ 389,536	$ 1,919,989	$ 1,916,420

LIABILITIES

	General Fund	MTT New Media Fund	Total 2002	Total 2001
Current				
Payables and accruals, trade	$ 16,901	$ ---	$ 16,901	$ 28,694
Deferred revenue	18,472	---	18,472	15,428
	35,373	---	35,373	44,122

FUND BALANCES

	General Fund	MTT New Media Fund	Total 2002	Total 2001
Unrestricted	2,817	81,914	84,731	331,617
Committed	1,492,263	307,622	1,799,885	1,540,681
	1,495,080	389,536	1,884,616	1,872,298
	$ 1,530,453	$ 389,536	$ 1,919,989	$ 1,916,420

Contingent Commitments
- General $1,462,263 (2001 - $1,462,760)
- MT & T New Media Fund $307,622 (2001 - $77,921) (Note 3)

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Statement of Operations and Changes in Fund Balances
year ended March 31, 2002

	General Fund	MTT New Media Fund	Total 2002	Total 2001
Revenue				
Contributions from the Department of Economic Development (note 4)	$ 2,529,125	$ ---	$ 2,529,125	$ 2,443,375
Recovery of equity investments and development loans (notes 6 & 7)	126,075	---	126,075	226,665
First Works	85,403	---	85,403	43,717
Interest and other income	121,614	13,888	135,502	135,393
	2,862,217	13,888	2,876,105	2,849,150
Expenditures				
Equity investments (note 6)	1,586,399	---	1,586,399	1,588,955
Project development loans (note 7)	173,364	---	173,364	210,999
Special projects	260,370	---	260,370	275,478
Training assistance	279,167	---	279,167	74,335
Film school feasibility	---	---	---	21,398
First Works	47,158	---	47,158	148,687
New Media development loans	---	28,763	28,763	65,266
Advertising and marketing (page 250)	113,268	---	113,268	110,110
Administrative expenses (page 250)	375,298	---	375,298	326,420
	2,835,024	28,763	2,863,787	2,821,648
Excess (deficit) of revenues over expenditures	27,193	(14,875)	12,318	27,502
Fund balance, beginning of year	1,467,887	404,411	1,872,298	1,844,796
Fund balances, end of year	$ 1,495,080	$ 389,536	$ 1,884,616	$ 1,872,298

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Notes to Financial Statements
March 31,2002

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant accounting policies

a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in fund balances is considered adequate.

b) The accompanying financial statements have been prepared in accordance with generally accepted accounting principles except for the following items:

  i) Program loans and equity participation are charges [illegible] current expenditures as disbursed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

  ii) Capital asset acquisitions are recorded as current expenditures.

  iii) The costs incurred by government departments providing certain services to the Corporation are not reflected in these statements.

3. Surplus and Contingent Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2002, the Corporation is contractually committed to advance funds totalling $1,492,263 (2001 - $1,462,760) from the general fund and $307,622 (2001 - $77,921) from the MTT New Media Fund as investments and loans in respect of current and future projects.

4. Cost Paid by the Province of Nova Scotia

During the year, services were provided to the Corporation by government departments, the estimated amounts are as follows:

	2002	2001
Legal services	$ 76,284	$ 60,000
Rent	30,000	30,000
	$ 106,284	$ 90,000

The cost of these services is not reflected in these financial statements.

5. MTT New Media Fund

The Corporation and Maritime Tel & Tel (MTT) entered into an agreement on August 18, 1997 for the purpose of assisting the Corporation's mandate to develop Nova Scotia film, video and multi-media productions. MTT agreed to contribute $400,000 over three years (1998 - $75,000; 1999 - $150,000; 2000 - $175,000) which contribution will be matched by the Corporation. These funds are to be segregated and disbursed according to guidelines jointly developed by the Corporation and MTT. The activities, assets and liabilities of this fund have therefore been distinguished from those of the general funds of the Corporation in these financial statements.

6. Equity Investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received $108,335 (2001 - $124,295). The total of equity investments of the Corporation to March 31, 2002 is $18,600,749, with recoupment to March 31, 2002 of $951,081, for a net of $17,649,668.

7. Project Development Loans

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2002 were $1,262,604 (2001 - $1,087,873). Development loans of $17,741 (2001 - $89,870) were recouped during the year.

8. Public Service Superannuation Fund

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Corporation's administrative expenses. The Public Service Superannuation Fund is administered by the Department of Finance.

9. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is related party of the Corporation. The Corporation is dependant on the Department of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA FILM DEVELOPMENT CORPORATION

Schedule of Advertising and Marketing Expenses and Schedule of Administrative Expenses
year ended March 31, 2002

	2002	2001
Advertising and Marketing Expenses:		
Advertising	$ 21,331	$ 40,940
Annual report	8,012	5,670
Business travel and expenses	23,731	21,927
Familiarization tour	11,687	---
Location scout	8,861	7,291
Photos/location services	8,107	12,801
Production guide, net of receipts of $53,084 (2001 - $78,119)	(461)	(10,510)
Salaries and benefits	32,000	31,991
	$ 113,268	$ 110,110

	2002	2001
Administrative Expenses:		
Bank charges	$ 2,132	$ 2,033
Board honorarium and expenses	11,166	17,212
Capital equipment	5,346	4,894
Conference/marketing	6,025	6,639
Consultants	600	7,710
Courier services	6,559	5,021
Dues, fees and subscriptions	5,191	4,733
Insurance	1,102	1,250
Office supplies	17,506	17,138
Photocopier/fax rental	4,223	3,869
Postage	3,737	4,991
Professional fees	5,500	4,000
Repairs and maintenance	1,590	1,742
Salaries and benefits	292,886	240,457
Staff training	4,268	2,481
Telephone and fax	7,467	2,250
	$ 375,298	$ 326,420

AUDITOR'S REPORT

To the Minister of Agriculture and Fisheries; and

To the Chair and Members of the
Nova Scotia Fisheries and Aquaculture Loan Board

I have audited the balance sheet of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2002 and the statements of revenues, expenditures and accumulated surplus, and continuity of fund for the year then ended. These financial statements are the responsibility of the Loan Board's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
April 26, 2002

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
Loans receivable (Note 3)	$ 59,663,265	$ 51,493,176
Accrued interest receivable	1,743,262	1,577,119
Due from Consolidated Fund - Department of Finance (Note 4)	78,134,062	86,069,279
	$ 139,540,589	$ 139,139,574

LIABILITIES AND FUND BALANCE

	2002	2001
Liabilities		
Applicants' funds on deposit	$ 322,909	$ 38,038
Due to Department of Finance	1,743,262	1,577,119
Fisheries and Aquaculture Development Fund	137,474,418	137,524,417
	$ 139,540,589	$ 139,139,574

NOVA SCOTIA
FISHERIES AND AQUACULTURE LOAN BOARD

Statement of Revenues, Expenditures and Accumulated Surplus
for the year ended March 31, 2002

	2002	2001
Revenues		
Interest income	$ 4,576,365	$ 3,641,322
Loan fees	151,273	151,763
	4,727,638	3,793,085
Expenditures		
Interest expense (Note 5)	3,208,461	2,746,352
Salaries and benefits	461,067	479,850
Board honoraria	6,400	6,150
Travel	50,145	53,698
Office supplies	21,737	28,629
Bad debts	49,999	102,954
	3,797,809	3,417,633
Surplus before Government contribution	929,829	375,452
Contribution by Department of Agriculture and Fisheries (Note 6)	589,348	671,281
Surplus	1,519,177	1,046,733
Distribution to Department of Finance (Note 6)	1,519,177	1,046,733
Accumulated Surplus	$ —	$ —

Statement of Continuity of Fund
for the year ended March 31, 2002

	2002	2001
Balance, beginning of year	$ 137,524,417	$ 137,627,371
Deduct: Bad debt expense	49,999	102,954
Balance, end of year	$ 137,474,418	$ 137,524,417
Comprising:		
Loans receivable	$ 59,663,265	$ 51,493,176
Loans authorized but unadvanced (Note 7)	2,442,151	2,221,467
Aquaculture loan guarantees (Note 4)	2,980,000	3,565,000
Uncommitted Fund balance	72,389,002	80,244,774
	$ 137,474,418	$ 137,524,417

Notes to Financial Statements
March 31, 2002

1. Authority

The Fisheries and Aquaculture Development Fund is established pursuant to Section 34 of the Fisheries and Coastal Resources Act. The purpose of the Fund is to finance the loans and guarantees of the Nova Scotia Fisheries and Aquaculture Loan Board.

The object and purpose of the Board is to make loans and guarantees of loans to fishers, aquaculturists, companies, cooperatives, associations or other persons in order to encourage, sustain, improve and develop the fishing industry in the Province.

2. Financial Reporting and Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles which for purposes of the Board's financial statements are represented by accounting recommendations of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

These financial statements have been prepared using the following significant accounting policies:

Revenues
Revenues are recorded on the accrual basis. The main components of revenue are interest and various fees for loans and guarantees.

Expenses
Expenses are recorded on the accrual basis. Net expenses include recoveries which are directly related to the expenses and are not normally considered to be revenues. Provisions are made for probable losses on certain loans and loan guarantees. These provisions are updated as estimates are revised, at least annually.

Assets
Loans Receivable are recorded at the principal amount less valuation allowances. Any loan write-offs must be approved by the Governor-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

Measurement Uncertainty
Measurement uncertainty exists in financial statements when recorded amounts such as loan valuation allowances are based on assumptions or estimates. Accuracy of these numbers depends on the completeness and quality of information available when the recorded amount is derived. There could be significant variances between the estimates recorded and the actual results achieved.

3. Deferment Programs

On April 15, 1997 government approved an assistance program for borrowers suffering economic hardship as a result of reduced income. The Board may extend, defer or adjust the repayment or terms of any loan or loan guarantee. As of March 31, 2002 loans receivable under the program total $nil (2001 - $nil).

4. Due from Consolidated Fund - Department of Finance

	2002	2001
Loans authorized but unadvanced	$ 2,442,151	$ 2,221,467
Aquaculture loan guarantees	2,980,000	3,565,000
Applicants' funds on deposit	322,909	38,038
Uncommitted Fund balance	72,389,002	80,244,774
	$ 78,134,062	$ 86,069,279

Guarantees - On August 30, 1995 the government's Priorities and Planning Committee approved the Nova Scotia Acquaculture Development Strategy. On April 1, 1996 the aquaculture loan and guarantee program was transferred from the former Nova Scotia Economic Renewal Agency to the Board, along with $1,000,000 of existing loan guarantees. The strategy provided approval for capital advances and guarantees of $2.0 million per year, until March 31, 2001.

5. Interest Expense

Loans provided by the Board are funded through advances by the Department of Finance. Interest expense is calculated by the Board based on an estimate by the Department of Finance of the rate at which the Province could borrow funds over the next quarter.

6. Contributions and Surplus

Expenses of the Board other than interest expense are paid by the Department of Agriculture and Fisheries on behalf of the Board. The operating surplus or deficit of the Board is retained in the Consolidated Fund of the Province.

7. Commitments

Commitments total $2,442,151 (2001-$2,221,467). Commitments are loans which have been approved by the Board but cash advances for the loans have not been made by year end.

8. Public Service Superannuation Fund

All full-time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

9. Comparative Figures

Certain comparative figures in the statement of revenues, expenditures and accumulated surplus have been reclassified to conform with the presentation adopted for the current year's financial statements.

AUDITORS' REPORT

To the Minister of Justice and
Nova Scotia Freedom of Information and Protection of Privacy Review Officer

We have audited the balance sheet of the Nova Scotia Freedom of Information and Protection of Privacy Review Office as at March 31, 2002 and the statements of operations and surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2002, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
June 18, 2002

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Statements of Operations and Surplus
Year Ended March 31

	2002	2001
Revenue		
Grant from the Province of Nova Scotia	$ 210,393	$ 194,853
Interest and other revenue	2,690	2,417
	213,083	197,270
Expenses		
Salaries, wages and benefits	153,522	140,300
Rent (Note 5)	13,790	12,779
Shared support costs	12,000	11,800
Repairs and maintenance	7,199	1,503
Legal, audit and consulting	6,567	10,818
Office supplies and services	5,323	3,882
Travel	4,767	8,241
Telephone	2,580	1,479
Equipment	2,485	3,592
Depreciation	2,436	2,939
Dues and fees	1,155	1,794
Printing and copying	140	995
Hospitality	35	87
	211,999	200,209
Operating surplus (deficit)	$ 1,084	$ (2,939)

	2002	2001
Surplus, beginning of year	$ —	$ —
Operating surplus (deficit)	1,084	(2,939)
Transfer from (to) investment in capital assets for		
Depreciation	2,436	2,939
Capital asset acquisitions	(3,520)	—
	(1,084)	2,939
Surplus, end of year	$ —	$ —

Balance Sheet
March 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ 26,521	$ 54,688
Due from related party	2,360	10,622
	28,881	65,310
Capital assets	4,230	3,146
	$ 33,111	$ 68,456
LIABILITIES		
Current		
Payables and accruals	$ 3,551	$ 14,106
Due to related party	25,330	51,204
	28,881	65,310
SURPLUS		
Investment in capital assets (Note 3)	4,230	3,146
	$ 33,111	$ 68,456

Commitment (Note 5)

See accompanying notes to the financial statements.

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Statement of Capital Assets
Year Ended March 31, 2002

	Cost			Accumulated Depreciation			2002 Net Book Value	2001 Net Book Value
	Opening	Additions	Closing	Opening	Expense	Closing		
Computer equipment	$ 8,010	$ 3,520	$ 11,530	$ 7,016	$ 2,167	$ 9,183	$ 2,347	$ 994
Furniture	2,690	—	2,690	538	269	807	1,883	2,152
	$ 10,700	$ 3,520	$ 14,220	$ 7,554	$ 2,436	$ 9,990	$ 4,230	$ 3,146

Statements of Cash Flows
Year Ended March 31, 2002

	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Operating surplus (deficit)	$ 1,084	$ (2,939)
Depreciation	2,436	2,939
	3,520	—
Change in non-cash operating working capital (Note 6)	(28,167)	36,530
	(24,647)	36,530
Investing		
Purchase of capital assets	(3,520)	—
(Decrease) increase in cash and cash equivalents	(28,167)	36,530
Cash and cash equivalents		
Beginning of year	54,688	18,158
End of year	$ 26,521	$ 54,688

See accompanying notes to the financial statements.

NOVA SCOTIA FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY REVIEW OFFICE

Notes to the Financial Statements
March 31, 2002

1. Incorporation

The Nova Scotia Freedom of Information and Protection of Privacy Review Office was created pursuant to the Freedom of Information and Protection of Privacy Act, Chapter 5 of the Acts of Nova Scotia, 1993.

2. Summary of significant accounting policies

a) General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector.

b) Capital assets

Capital assets purchased by the Review Office with a value greater than $1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Furniture	10 years

3. Investment in capital assets

	2002	2001
Balance, beginning of year	$ 3,146	$ 6,085
Capital asset acquisitions	3,520	—
Depreciation	(2,436)	(2,939)
Balance, end of year	$ 4,230	$ 3,146

4. Pensions

Full time employees of the Review Office are civil servants and as such are entitled to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Review Office's operating expenses. The Review Office is not responsible for any unfunded liability.

5. Commitment

The Review Office has entered into an agreement to lease its premises until December 31, 2004. The annual rent of premises consists of a minimum rent plus the Review Office's portion of common cost such as maintenance, power, water and property taxes. Minimum rent payable for premises for each of the next three fiscal years is as follows:

2003	$ 5,555
2004	5,555
2005	4,166

6. Supplement cash flow information

	2002	2001
Change in non-cash operating working capital		
Accounts receivable	$ 8,262	$ 1,904
Payables and accruals	(36,429)	33,348
Prepaids	—	1,278
	$ (28,167)	$ 36,530

7. Related party transactions

The Freedom of Information and Protection of Privacy Review Office is an independent agency of the Province of Nova Scotia. Funding for the Review Office is provided from the Consolidated Fund of the Province through a public service vote. Any retained surplus of the Review Office is refundable to the Province.

Transactions with the Province by financial statement category are as follows:

	2002	2001
Grant from the Province of Nova Scotia	$ 210,393	$ 194,853
Accounts receivable	2,360	10,622
Payables and accruals	8,171	—
Surplus - investments in capital assets	4,230	3,146

To minimize cost to government while preserving the independence of the Review Office some administrative support is provided by another agency, the Nova Scotia Utility and Review Board (NSUARB). The NSUARB recovers all direct costs paid on behalf of the Review Office and charges a portion of its administrative overhead for the service.

Transactions with the NSUARB by financial statement category are as follows:

	2002	2001
Shared support costs	$ 12,000	$ 11,800
Payables and accruals	17,159	51,204

8. Comparative figures

Certain of the comparative figures for 2001 have been reclassified to conform to the financial statement presentation adopted for the fiscal year 2002.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of Nova Scotia Gaming Corporation as at March 31, 2002 and the statement of income and payment to the Province and the statement of retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 31, 2002

NOVA SCOTIA GAMING CORPORATION

Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
	(in thousands)	
Current		
Cash & short term investments (Note 3)	$ 15,836	$ 17,123
Cash - Restricted (Note 2)	9,605	6,991
Inventory, at cost	2,448	2,500
Prepaids	253	251
	28,142	26,865
Long-term		
Cash - Casino Replacement Reserve (Note 3)	5,721	5,080
Investment in Atlantic Lottery Corporation Inc.	1	1
Investment in Interprovincial Lottery Corporation (Note 6)	1	1
Capital Assets (Note 7)	126,772	114,693
	132,495	119,775
	$ 160,637	$ 146,640

LIABILITIES

	2002	2001
Current		
Accounts Payable	$ 781	$ 1,298
Deferred Lottery Revenue	745	923
Liabilities for Unclaimed Prizes (Note 2)	9,605	6,991
Capital Obligation - Current Portion (Note 8)	31,491	22,496
Due to Operators (Note 12)	8,970	10,122
Due to Atlantic Gaming Equipment Limited Current Portion	7,398	2,296
Due to Nova Scotia Gaming Foundation	76	68
Due to Province of Nova Scotia	13,953	13,706
	73,019	57,900
Long-term		
Due to Atlantic Gaming Equipment Limited	21,448	9,822
Capital Obligation (Note 8)	58,648	72,451
	80,096	82,273
	153,115	140,173

EQUIITY

	2002	2001
Casino Capital Replacement Reserve (Note 9)	7,522	6,467
	$ 160,637	$ 146,640

Contingencies and Commitments (Notes 3, 5,11, and 13)

See accompanying notes to the financial statements.

NOVA SCOTIA GAMING CORPORATION

Statement of Income and Payment to the Province
For the Year Ended March 31, 2002

(in thousands)

	2002							2001						
	Lotteries (Sch. I)		Casinos (Sch. II/III)		Responsible Gaming	Other (Sch. IV)		Lotteries (Sch. I)		Casinos (Sch. II/III)		Responsible Gaming	Other (Sch. IV)	
	Ticket Lottery	Video Lottery	Halifax	Sydney			Total	Ticket Lottery	Video Lottery	Halifax	Sydney			Total (Note 14)
Revenues	$ 204,421	$ 161,686	$ 71,452	$ 30,565	$ —	$ 817	$ 468,941	$ 204,055	$ 146,497	$ 69,182	$ 31,029	$ —	$ 1,016	$ 451,779
Expenses	158,375	50,074	71,905	23,459	1,964	3,792	309,569	155,071	43,817	66,509	24,652	1,732	4,455	296,236
Net Income	46,046	111,612	(453)	7,106	(1,964)	(2,975)	159,372	48,984	102,680	2,673	6,377	(1,732)	(3,439)	155,543
Win tax	—	—	12,906	5,757	—	—	18,663	—	—	12,631	5,861	—	—	18,492
Payment to Province	$ 46,046	$ 111,612	$ 12,453	$ 12,863	$ (1,964)	$ (2,975)	$ 178,035	$ 48,984	$ 102,680	$ 15,304	$ 12,238	$ (1,732)	$ (3,439)	$ 174,035

Statement of Retained Earnings
For the Year Ended March 31, 2002

(in thousands)

	2002	2001
Retained earnings, beginning of year	$ —	$ —
Net Income	159,372	155,543
Net income paid to Province	(159,372)	(155,543)
Retained earnings, end of year	$	$

See accompanying notes to the financial statements.

Notes to the Financial Statements
for the year ended March 31, 2002

1. Description of Business

The Corporation was incorporated on February 15, 1995, by Chapter 4 of the Acts of 1994-95, the Gaming Control Act. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery schemes on behalf of the Province.

2. Accounting Policies

a) Basis of Presentation
The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A statement of cash flows is not provided, as disclosure in the balance sheet and the income statement is considered adequate.

b) Casino Revenues
In accordance with industry practice, casino revenues are reported as the net win from gaming activities, which is the difference between amounts wagered and amounts paid as winnings. Casino revenues are reported net of accruals for anticipated amounts to be paid as winnings for progressive slot machine jackpots.

c) Ticket Lottery Revenues
In accordance with industry practice, gross ticket lottery sales are recorded before deducting sales discounts and prize expense.

d) Video Lottery Revenue
In accordance with industry practice, video lottery revenues are reported as the net revenues from video lottery activities, which is the difference between amounts wagered and amounts paid as winnings.

e) Income Guarantee
In accordance with the Operating Contract between Metropolitan Entertainment Group (Operator), the Corporation and Sheraton International Inc. (Guarantor), an income guarantee was provided to the Corporation which provided that if Total Provincial Revenue was less than $25 million in each of the four years ended July 31, 1999, then the Operator would pay to the Corporation an amount equal to the difference between Total Provincial Revenue and $25 million.

If Total Provincial Revenue exceeded $25 million in any year through to July 31, 2000, any previous guarantee payments paid by the Operator to the Corporation would be recovered to the extent Total Provincial Revenue was in excess of $25 million in such year. The Corporation records any repayments to the Operator as a reduction of net income of the Corporation.(Note 3)

f) Capital Assets
Capital Assets are stated at cost less accumulated amortization.

Amortization on the Corporation's head office capital assets is provided on the declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and equipment	20%

Amortization of the Halifax and Sydney casino assets is recorded on a straight-line basis according to their estimated useful lives at rates between 2.5% and 20%.

Amortization on the Corporation's capital assets used in the operation of its lottery businesses is recorded on the straight-line basis according to their estimated useful lives at rates between 10% and 33%. Leasehold improvements are amortized over the remaining lease term, including one renewal period.

g) Nova Scotia Gaming Foundation Contribution

VLT retailers in Nova Scotia have agreed, under the terms of their retailer agreements with the Atlantic Lottery Corporation Inc., to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the VLT retailers.

h) Long -term Investments

Investments in the Atlantic Lottery Corporation Inc. and the Interprovincial Lottery Corporation are recorded using the cost method of accounting for investments.

i) Unclaimed Lottery prizes

Unclaimed prizes from regional lottery games are retained in a prize fund for one year from the announced beginning date of the draw. Prizes of national lottery games are funded directly by the Interprovincial Lottery Corporation with the exception of prizes for certain free tickets, which are paid out of general funds as incurred.

j) Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

3. Casino Nova Scotia

a) Operating Contract

i) Term and Structure

On May 31, 1995, the Corporation entered into an Operating Contract with Metropolitan Entertainment Group (Operator), then a partnership between ITT Sheraton Canada Ltd. (now Park Place Entertainment Scotia Limited) and Purdy's Wharf Development Limited (now East Port Properties Ltd.), to operate casinos in Halifax and Sydney for a period expiring on December 31, 2015.

ii) Payments to Operator

The Operator is entitled to certain payments from each casino calculated with reference to the following items, which are listed in Section 4.7 of the Operating Contract:

- an amount based upon the Operator's Capital Investment in Halifax ($91.3 million total, $81.6 million outstanding) and Sydney ($23.2 million total, $7.7 million outstanding) with respect to each casino complex, to be amortized straight-line over a ten year term in the Sydney casino and a seven year term in the Halifax casino, with interest calculated monthly at 12% per annum on the total outstanding capital investment;

- an amount equal to 1.5% of casino revenue before casino win taxes (20%) to fund a capital replacement reserve;
- an amount equal to 3% of casino revenue before casino win taxes (20%) in Sydney as a Base Fee and 10% of casino revenue less casino win taxes, the Base Fee and Operating Expenses as an Incentive Fee;
- an amount equal to the Operator's shortfall in any one year that income is insufficient to make payments, as described above; and,
- an amount equal to 35% of cash available for distribution in Halifax.

iii) Operating Period

Net operating income earned by the Corporation is calculated based upon the operating period defined in the Operating Contract as January 1 - December 31. Any net operating income earned by the Corporation during the period January 1 - March 31, 2002 is subject to adjustment for the results of operations in the period April 1 - December 31, 2002.

b) Cash in Casino Accounts

Under the Operating Contract, the cash is managed by the Operator on behalf of the Corporation. The Corporation has included $10,003,000 (2001 - $11,140,000) in cash from the Casino Accounts on the Balance Sheet.

c) Income Guarantee

The income guarantee and clawback periods were on July 31, 2000. Between April 1, 2000 and July 31, 2000, Total Provincial Revenue exceeded the income guarantee pro-rata allocation by $700,000, which reduced the Corporation's net operating income for the 2000-01 year (Note 2).

In 2001-02, the Corporation received $849,000 in HST savings related to the income guarantee and clawback periods, which was repaid to the Operator.

d) Casino Option Contract

Upon expiration of the Operating Contract in 2015, the Corporation has the option to purchase each of the Halifax and the Sydney casino complexes, including capital assets and working capital totalling $3.1 million for the price of $1.00. The Corporation also has an option to purchase each of the two casino complexes in year 10 or year 15 of the Contract.

e) Capital Replacement Reserve

A capital replacement reserve, based on 1.5% of annual gross operating revenues of the casinos, is intended to provide for replacement of casino capital assets.

4. Atlantic Lottery Corporation Inc.

a) Profit Distribution

In 1976, the Atlantic Lottery Corporation Inc. was set up by the four Atlantic Provinces to operate lottery and gaming activities in the region.

The Atlantic Lottery Corporation Inc. is the Corporation's exclusive agent to operate ticket lotteries and video lotteries in Nova Scotia. Each of the Corporation, Province of Newfoundland, Lotteries Commission of New Brunswick and Prince Edward Island Lotteries Commission own 25 per cent of the Atlantic Lottery Corporation Inc.

b) Agency Agreement

The Corporation entered into an Agency Agreement (the "Agreement") with the Atlantic Lottery Corporation Inc. whereby the Corporation has appointed the Atlantic Lottery Corporation Inc. to operate ticket and video lotteries in Nova Scotia as an agent of the Corporation on the terms and conditions set out in the Agreement. Under the Agreement, the Atlantic Lottery Corporation Inc. cannot make any material change relating to the conduct and management of lotteries in Nova Scotia without the approval of the Corporation. The Agreement has not yet been signed; however, it has been implemented operationally since April 1, 2000. Management does not believe that there will be any significant changes to the financial statements as a result of signing the Agreement.

The Agreement requires that the Corporation's revenues be kept in a separate account and not co-mingled with those of the other provinces. The Corporation's costs are to be deducted from its account. The Agreement clarified that assets acquired or liabilities incurred by the Atlantic Lottery Corporation Inc. exclusively for the operation of the lotteries in Nova Scotia are the Corporation's. As a result, for financial statement reporting purposes, the Corporation has included these assets and liabilities on its balance sheet, with the balance recorded as amounts due to the Atlantic Lottery Corporation Inc. or Atlantic Gaming Equipment Limited (a subsidiary of the Atlantic Lottery Corporation Inc.), as appropriate. The Corporation has not recorded any portion of those assets and liabilities that are shared by all Atlantic Lottery Corporation Inc. shareholders in which the Corporation has an interest, the treatment and valuation of which has not yet been determined. This includes common capital assets and expired prizes in the unclaimed prize fund pre - April 1, 2000. Consideration will be given to recording these assets and liabilities once the Atlantic Lottery Corporation Inc.'s By- Laws are revised, which is expected to occur in 2002-03.

The amounts due to the Atlantic Lottery Corporation Inc. and Atlantic Gaming Equipment Limited represent a portion of the Atlantic Lottery Corporation Inc.'s line of credit, which bears interest at prime less 1% on borrowings equal to funds on deposit and prime for amounts borrowed in excess of funds on deposit and bank term loans. These loans have various terms and interest rates from 4.56% to 5.64% maturing at various dates through October 2006. The line of credit is secured by a general security agreement over all assets of the Atlantic Lottery Corporation Inc., and those owned by the Corporation. The bank term loans are secured by a general security agreement over present and future assets held by the Atlanic Lottery Corporation Inc. and Atlantic Gaming Equipment Limited and an indenture of subordination from the Corporation up to the value of assets utilized directly for the benefit of Nova Scotia.

The assets and liabilities recorded by the Corporation are recorded for financial statement reporting purposes only and do not necessarily represent the values that the Corporation would take if it were to withdraw from the Atlantic Lottery Corporation Inc.

5. Special Payments and Bonus Commissions

The Corporation is obligated to make direct payments annually to three provincial government bodies as follows:

	2002	2001
	(in thousands)	
The Department of Education and Culture (in support of the Cultural Federation of Nova Scotia)	$ 50	$ 50
The Department of Agriculture and Fisheries (in support of the Exhibition Association of Nova Scotia)	50	50
The Sport and Recreation Commission (in support of Sport Nova Scotia)	100	100
	$ 200	$ 200

These payments are special funds under the Provincial Finance Act established by the Minister of Finance under Section 14(1) of the Atlantic Lottery Regulations as made under the Gaming Control Act.

Bonus commissions of $9,000 (2001 - $13,000) were paid during the year to ten sporting and cultural organizations.

6. Interprovincial Lottery Corporation

The Interprovincial Lottery Corporation was incorporated on August 16, 1976 under the Canada Business Corporations Act. The Interprovincial Lottery Corporation owns and operates nation-wide lottery games (Lotto 6/49, Super 7, Special Event-Celebration). Nova Scotia holds one of ten shares of this Corporation, and appoints one of 21 directors to the Board of Directors of the Interprovincial Lottery Corporation.

7. Capital Assets

	Cost	Accumulated Amortization	2002 Net Book Value	2001 Net Book Value
			(in thousands)	
Automotive	$ 986	$ 357	$ 629	$ 464
Computer equipment	3,497	726	2,771	1,948
Furniture and equipment	128	54	74	85
Leaseholds	610	214	396	438
Halifax casino assets	91,257	8,730	82,527	86,160
Sydney casino assets	23,206	10,317	12,889	13,714
Casino furniture and equipment	3,601	1,800	1,801	1,386
On-line gaming terminals	11,008	2,349	8,659	8,236
Video lottery terminals	37,093	20,067	17,026	2,262
	$ 171,386	$ 44,614	$ 126,772	$ 114,693

In 2001-02, the Corporation acquired capital assets of $20.9 million (2001 - $4.9 million) financed through Atlantic Gaming Equipment Limited, $2.1 million (2001 - $89.1 million) financed by Metropolitan Entertainment Group, and $1.1 million (2001 - $0.4 million) financed by the Casino Capital Replacement Reserve.

8. Capital Obligation

The Corporation has an obligation to repay the operator of the casinos under the Operating Contract for the initial cost of the Halifax and Sydney casinos to the extent that there is adequate cash flow from the casinos to fund these obligations. The Corporation has the option to purchase these casinos. Future minimum obligations based on there being adequate cash flow are as follows:

	Halifax	Sydney (in thousands)	Total
2003	$ 36,406	$ 3,121	$ 39,527
2004	18,708	2,843	21,551
2005	17,143	2,564	19,707
2006	15,579	793	16,372
2007	14,014	—	14,014
Subsequent	1,097	—	1,097
Net minimum obligation	102,947	9,321	112,268
Less: amount representing interest at 12%	20,543	1,586	22,129
Present value of minimum obligation	82,404	7,735	90,139
Less: amount due within one year	29,170	2,321	31,491
Balance of obligation	$ 53,234	$ 5,414	$ 58,648

9. Capital Replacement Reserve Liability

	Halifax	Sydney	Total 2002 (in thousands)	Total 2001
Cash balance, beginning of year	$ 3,573	$ 1,507	$ 5,080	$ 3,699
Funding	1,072	459	1,531	1,504
Interest	139	46	185	314
Capital Asset purchases	(368)	(707)	(1,075)	(437)
Cash balance, end of year	4,416	1,305	5,721	5,080
Add: cumulative capital assets purchases	1,852	1,748	3,600	2,525
Less: accumulated amortization	(1,074)	(725)	(1,799)	(1,138)
Balance, end of year	$ 5,194	$ 2,328	$ 7,522	$ 6,467

10. Related Party Transactions

The Province of Nova Scotia, Nova Scotia Harness Racing Incorporated, Atlantic Gaming Equipment Limited and Atlantic Lottery Corporation Inc. are related parties of the Corporation. Details of any transactions between these related parties are separately disclosed in the financial statements.

11. Harness Racing

The Corporation annually contributes to the Nova Scotia Harness Racing Fund amounts approved by the Minister of Finance. In March 2001, Government approved a contribution of up to $1 million in 2001-02 to support the harness racing industry in Nova Scotia.

In March 2002, Government approved a $750,000 contribution in 2002-03 to support the harness racing industry in Nova Scotia.

12. Due to Operators

		2002		2001
		(in thousands)		
Due to Atlantic Lottery Corporation	$	60	$	786
Due from Lottery Operations		(6,515)		(6,396)
Due to Lottery Operations		6,341		5,789
Due to Casino Operations		9,084		9,943
	$	8,970	$	10,122

13. Other Commitments

The Corporation is required to make annual lease payments of approximately $107,000 over the next four years.

The Corporation's share of the Atlantic Lottery Corporation Inc.'s minimum annual lease payments for the premises is approximately $864,000 over the next five year.. It's share of commitments to acquire Video Lottery Terminals in 2002-03 is $5,680,000.

14. Comparative figures

Some of the comparative figures have been reclassified to conform to the financial statement presentation adopted in this fiscal year.

15. Pensions

All permanent employees of the Corporation are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Corporation's management expenses. The Corporation is not responsible for any unfunded liability with respect to the superannuation fund.

16. Subsequent Event

Casino Nova Scotia has engaged a consultant to review the HST Regulations applicable to casino operations and determine whether there are potential HST savings. In May 2002, the Corporation received $427,000 in HST savings related to the period July 1998 to April 2000. All adjustments are recorded in the period received. The interpretation of the HST Regulations for other costs is currently under review.

Schedule I

NOVA SCOTIA GAMING CORPORATION
Atlantic Lottery Corporation Inc.

Ticket Lottery and Video Lottery Operating Results
for the year ended March 31, 2002

	Ticket Lottery	Video Lottery	Total 2002	Total 2001 (in thousands)
Ticket Lottery Sales	$ 204,421	$ —	$ 204,421	$ 204,055
Ticket Lottery Sales Discounts	297	—	297	62
Prize Expense	106,637	—	106,637	107,528
Net Ticket Lottery Sales	97,487	—	97,487	96,465
Net Video Lottery Sales	—	161,686	161,686	146,497
Total Net Sales	97,487	161,686	259,173	242,962
Retailer Commissions	13,176	34,783	47,959	44,716
Ticket Costs	5,325	338	5,663	5,193
	18,501	35,121	53,622	49,909
Gross Profit	78,986	126,565	205,551	193,053
Operating Expenses				
Advertising & Promotion	3,711	—	3,711	3,644
Communication	294	154	448	330
Depreciation & Amortization	669	713	1,382	1,969
Development & Recruitment	340	131	471	402
Equipment & Maintenance	972	953	1,925	2,305
General & Professional Services	1,546	247	1,793	1,058
Lease Expense	2,534	2,063	4,597	1,110
Movement & Storage	511	76	587	592
Occupancy Cost	811	498	1,309	1,224
Other	184	82	266	224
Research & Development	341	123	464	342
Salaries & Benefits	6,469	3,504	9,973	9,193
Supplies	238	86	324	234
Telecommunication	2,278	190	2,468	2,135
Travel & Vehicle Expenses	800	575	1,375	1,347
Total Operating Expenses	21,698	9,395	31,093	26,109
Operating Profit	57,288	117,170	174,458	166,944
Other Income (expenses)	(48)	1,009	961	1,166
Profit Before Other Distributions	57,240	118,179	175,419	168,110
HST Expense	5,223	6,092	11,315	10,215
Federal Contribution	1,081	475	1,556	1,516
Charity Non-Profit	44	—	44	45
Retailer Bonus	4,846	—	4,846	4,670
Net Profit	$ 46,046	$ 111,612	$ 157,658	$ 151,664

NOVA SCOTIA GAMING CORPORATION

Halifax Casino Nova Scotia
Operating Results
for the year ended March 31, 2002

	2002	2001 (Note 14)
		(in thousands)
Revenue		
Casino Revenue	$ 64,531	$ 63,157
Beverage, Food and Other Revenue	6,921	6,025
	71,452	69,182
Expenses		
Amortization	5,772	2,958
Capital Replacement Reserve (Note 3)	1,072	1,038
General Administration and Marketing	8,418	6,660
Harmonized Sales Tax	5,561	7,168
Interest	9,664	9,369
Operator Fee (Note 3)	—	387
Other Expenses Including Cost of Beverage and Food	5,980	4,575
Premise Expense	2,737	2,868
Salaries and Benefits	19,795	18,855
Win Tax	12,906	12,631
	71,905	66,509
Net Income	(453)	2,673
Win Tax	12,906	12,631
Total Payment to Province	$ 12,453	$ 15,304

NOVA SCOTIA GAMING CORPORATION

Sydney Casino Nova Scotia
Operating Results
for the year ended March 31, 2002

	2002	2001 (Note 14)
	(in thousands)	
Revenue		
Casino Revenue	$ 28,787	$ 29,305
Beverage, Food and Other Revenue	1,778	1,724
	30,565	31,029
Expenses		
Amortization	826	1,321
Capital Replacement Reserve (Note 3)	459	466
General Administration and Marketing	2,481	2,585
Harmonized Sales Tax	1,779	2,562
Interest	1,079	1,358
Operator Fee (Note 3)	1,989	2,037
Other Expenses Including Cost of Beverage and Food	1,896	1,546
Premise Expense	543	749
Salaries and Benefits	6,650	6,167
Win Tax	5,757	5,861
	23,459	24,652
Net Income	7,106	6,377
Win Tax	5,757	5,861
Total Payment to Province	$ 12,863	$ 12,238

Schedule IV

NOVA SCOTIA GAMING CORPORATION

Other Revenues and Expenses
for the year ended March 31, 2002

	2002	2001
	(in thousands)	
Other Revenues		
Payment from New Brunswick	$ 500	$ 500
Interest Income	317	516
Total Other Revenues	817	1,016
Other Expenses		
Special Payments and Bonus Commissions (Note 5)	209	213
Nova Scotia Harness Racing Fund Contribution (Note 11)	1,000	1,000
Income Guarantee Repayment (Notes 2 and 3)	—	700
Management Expenses		
Advertising	1	16
Amortization	27	28
Directors fees	44	25
Harmonized Sales Tax	144	273
Membership Dues	7	8
Occupancy Taxes	5	5
Office and Miscellaneous	41	48
Office Equipment	17	24
Periodicals	8	10
Postage and Freight	7	9
Printing and Stationery	13	18
Professional and Other Fees	650	702
Rent	98	57
Salaries and Benefits	1,431	1,233
Telecommunications	21	10
Training	26	44
Travel	43	32
	2,583	2,542
Total Other Expenses	3,792	4,455
	$ (2,975)	$ (3,439)

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and
To the Minister of Health

I have audited the balance sheet of Nova Scotia Gaming Foundation for the year ended March 31, 2002, and the statement of operations and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Gaming Foundation as at March 31, 2002, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 15, 2002

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA GAMING FOUNDATION

Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
Current Assets		
Cash	$ 4,444,811	$ 3,922,293
Accrued Interest	6,667	16,038
Due from Nova Scotia Gaming Corporation	76,376	67,571
	$ 4,527,854	$ 4,005,902

LIABILITIES

	2002	2001
Current Liabilities		
Accounts Payable	$ 18,319	$ 36,800
Grants Payable	682,139	425,323
	700,458	462,123
Fund Balance	3,827,396	3,543,779
	$ 4,527,854	$ 4,005,902

Statement of Operations,
for the year ended March 31, 2002

	2002	478 Days Ended March 31, 2001 (Note 5)
Revenues		
Nova Scotia Gaming Corporation	$ 404,216	$ 474,176
VLT Retailers	404,216	474,176
Interest	132,168	226,592
	940,600	1,174,944
Expenses		
Grants	574,740	43,083
Board meetings	18,801	—
Committee meetings	2,253	—
Administrative salaries & benefits	50,885	26,636
Travel	754	90
IT hardware and supplies	4,473	—
Printing and advertising	2,577	8,420
Professional fees	2,500	3,380
Office	—	249
	656,983	81,858
Excess of revenues over expenses	283,617	1,093,086
Fund balance, beginning of year	3,543,779	2,450,693
Fund balance, end of year	$ 3,827,396	$ 3,543,779

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA GAMING FOUNDATION

Statement of Cash Flows
for the year ended March 31, 2002

	2002	478 Days Ended March 31, 2001 (Note 5)
Cash Flows from Operating Activities	$ 283,617	$ 1,093,086
Add (deduct) changes in non-cash working capital		
Change in accrued interest	9,371	(14,461)
Change in due from Nova Scotia Gaming Corporation	(8,805)	(1,223)
Change in accounts payable	(18,481)	35,882
Change in grants payable	256,816	(29,790)
	238,901	(9,592)
Increase in cash	522,518	1,083,494
Cash, beginning of year	3,922,293	2,838,799
Cash, end of year	$ 4,444,811	$ 3,922,293

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA GAMING FOUNDATION

Notes to Financial Statements
for the year Ended March 31, 2002

1. Description of the Foundation

On March 11, 1998, the Nova Scotia Gaming Foundation was established pursuant to the Gaming Control Act and the Provincial Finance Act. The purpose of the Foundation is to receive, maintain and disburse VLT Problem Gaming Fund monies in furtherance of the purposes set out in the Gaming Control Act, including research or education in respect of gambling, or treatment and remediation of the effects of gambling.

VLT retailers have agreed, under the terms of their retailer agreements, to contribute 1% of their VLT commission to the Foundation. The Nova Scotia Gaming Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

2. Transfer of Responsibility

On December 1, 1999, Lieutenant Governor in Council amended the Nova Scotia Gaming Foundation Regulations by Order in Council 1999-592 replacing the Nova Scotia Gaming Corporation with the Minister of Health as the body responsible for the Foundation effective December 8, 1999. The Foundation is managed by a Board of Directors.

3. Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles.

4. Administrative Services

Accounting services were provided by the Department of Health at no cost.

5. Comparative Figures

The financial statements for 2001 included 478 days.

AUDITOR'S REPORT

To the Shareholder of the
Nova Scotia Government Fund Limited

We have audited the balance sheet of the Nova Scotia Government Fund Limited as at December 31, 2001 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2001 and results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

July 26, 2002

NOVA SCOTIA GOVERNMENT FUND LIMITED

Balance Sheet
as at December 31, 2001

	2001	2000
ASSETS		
Cash and marketable securities (Note 2)	$ 14,721,624	$ 13,640,321
Cash held in Trust (Note 3)	258,774	—
Loan and advances receivable (Note 4)	11,025,000	11,025,000
Interest receivable	162,515	715,530
Deferred financing costs (Note 5)	2,508,046	2,508,046
	$ 28,675,959	$ 27,888,897
LIABILITIES		
Accounts payable and accrued liabilities	$ 29,972	$ 13,280
Notes payable (Note 6)	26,000,000	25,750,000
	26,029,972	25,763,280
EQUITY		
Share capital (Note 7)	1	1
Retained earnings	2,645,986	2,125,616
	2,645,987	$ 2,125,617
	$ 28,675,959	$ 27,888,897

Contingency (Note 6)

Statement of Earnings and Retained Earnings
Year Ended December 31, 2001

	2001	2000
Revenue		
Interest	$ 1,074,838	$ 1,392,818
Expenses		
Administration fees	234,417	220,768
Professional fees	12,535	8,190
Interest expense	307,491	305,875
Bank and interest charges	25	7
	554,468	534,840
Net earnings	520,370	857,978
Retained earnings, beginning of year	2,125,616	1,267,638
Retained earnings, end of year	$ 2,645,986	$ 2,125,616

NOVA SCOTIA GOVERNMENT FUND LIMITED

Statement of Cash Flows
Year Ended December 31, 2001

	2001	2000
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net earnings	$ 520,370	$ 857,978
Changes in non-cash operating working capital items	569,707	(403,329)
	1,090,077	454,649
Investing		
Loan receivable (Note 4)	—	—
Financing		
Issue of note (Note 3)	250,000	—
Net cash inflow	1,340,077	454,649
Cash position, beginning of year	13,640,321	13,185,672
Cash position, end of year	$ 14,980,398	$ 13,640,321
Cash position represented by:		
Cash in bank	$ 1,829	$ 163,412
Province of Nova Scotia promissory notes (unsecured)	14,719,795	13,476,909
Cash held in Trust	258,774	—
	$ 14,980,398	$ 13,640,321

NOVA SCOTIA GOVERNMENT FUND LIMITED

Notes to Financial Statements
Year Ended December 31, 2001

1. THE FUND

The Fund is an approved government administered venture capital fund pursuant to the Immigration Act of Canada and related regulations. The Fund was incorporated under the Nova Scotia Companies Act on December 31, 1994.

2. ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Cash and Marketable Securities

Cash consists of cash on hand with a financial institution and marketable securities consist of Province of Nova Scotia promissory notes (unsecured).

(b) Financing Costs

Financing costs are deferred and amortized on a straight-line basis over five years, commencing from the date of the Fund achieving and maintaining at least 70% of its investments in active business operations.

3. CASH HELD IN TRUST

On May 9, 2001, the fund issued a note payable in the amount of $250,000. At December 31, 2001, the proceeds from the note plus interest earned were held in Trust.

4. LOAN AND ADVANCES RECEIVABLE

In July 1999, the Fund agreed to lend the sum of $11,025,000 to Alderney Landing Limited and Nova Learning Incorporated to fund construction projects. As at December 31, 2001, the balance has been paid to an escrow agent pending further eligible projects by the borrowers. Funds are currently invested with the Province of Nova Scotia.

5. DEFERRED FINANCING COSTS

Financing costs are deferred and amortized over the five-year life of the related debt. The five-year term commences when the Fund has invested 70% of the note issue amount in active business operations. At December 31, 2001, no amortization has been charged because the conditions have not been met.

6. NOTES PAYABLE

The notes payable are unsecured and bear interest at rates of 2.075% and 1% annually. The notes call for repayment 5 years and 9 months after the date of issue, subject to the Fund's maintaining at least 70% of its investments in active business operations for 5 years.

The Immigration Act of Canada stipulates that the investor's funds must be invested within nine months of receipt, however, the Fund has not met this requirement for the majority of the funds received In addition, the Fund has only completed one investment to date rather than the minimum of two investments required. A second investment authorized in June 2000 by the Fund in the amount of $7,175,000 to Education Services and Products (N.S.) Limited is being completed during 2002. The Fund will be a minority shareholder in Education Services and Products (N.S) Limited. The proposed investment date relating to the required holding period is June 26, 2000, subject to Citizenship Immigration Canada (CIC) approval. No provision for financial ramifications related to these requirements, if any, are included in these financial statements.

The notes payable issued by the Fund call for repayment five years from the investment date, which is stated to be not later than nine months following the date of the note. On this basis, the notes of 18 investors were orginally expected to be repaid not later than March 27, 2002. The Fund provided funds of $250,000 to each holder to these 18 notes by cheques dated March 27, 2002. The Fund is in discussions with CIC with respect to reimbursement options relating to the other notes of the Fund. While funds are available for reimbursement, the Fund has not met the five year investment requirement of CIC that permits the repayment of the notes held by investors.

7. SHARE CAPITAL

Authorized:
40,000 Common shares with no par value

	2001	2000
Issued:		
100 Common shares	$ 1	$ 1

8. RELATED PARTY

The 100 common shares issued are held in trust for the Province of Nova Scotia by the Minister of Finance.

9. FINANCIAL INSTRUMENTS

Financial risk is the risk arising from the fluctuations in interest rates. The Fund has managed its interest rate risk by investing in short-term Province of Nova Scotia promissory notes and capital projects.

Given the short-term nature of the investment, the carrying value approximates fair value.

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of Finance

I have audited the balance sheet of the Nova Scotia Harness Racing Incorporated as at March 31, 2002 and the statement of income for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 31, 2002

NOVA SCOTIA HARNESS RACING INCORPORATED

Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
	(in thousands)	
Current		
Bank	$ —	$ 1
	—	1

LIABILITIES

	2002	2001
Current		
Accounts payable	$ —	$ 1
	$ —	$ 1

Income Statement
for the year ended March 31, 2002

	2002	2001
	(in thousands)	
Revenue		
Contribution to the Nova Scotia Harness Racing Fund from Nova Scotia Gaming Corporation	$ 1,000	$ 1,000
Expenses		
Contribution to ALC Harness Racing Corporation grant program	—	15
Contribution to NS Department of Agriculture & Fisheries	1,000	985
	1,000	1,000
Excess of revenue over expenses	$ —	$ —

See accompanying notes to the financial statements.

NOVA SCOTIA HARNESS RACING INCORPORATED

Notes to the Financial Statement
for the year ended March 31, 2002

1. Description of the Business

Nova Scotia Harness Racing Incorporated was incorporated under the Companies Act on March 1, 1999 and designated as a crown corporation on April 7, 1999, to manage and administer the Nova Scotia Harness Racing Fund, a special fund created by the Nova Scotia Harness Racing Incorporated Regulations.

In March 2001, the Government decided to provide $1 million in 2001-02 (2000-01 - $1 million) to support the harness racing industry in Nova Scotia. $1 million was provided by the Nova Scotia Gaming Corporation to the Nova Scotia Harness Racing Fund and paid by Nova Scotia Harness Racing Incorporated to the Department of Agriculture and Fisheries. The Department of Agriculture and Fisheries managed the monies received from the Fund and determined how they would be distributed to the industry.

2. Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles in Canada A statement of cash flow is not provided as disclosure in the balance sheet and the income statement is considered adequate.

3. Share Capital

The authorized capital of Nova Scotia Harness Racing Incorporated is one common share without nominal or par value, which has been issued to Her Majesty the Queen in Right of the Province of Nova Scotia.

AUDITORS' REPORT

To the Directors of the Nova Scotia Health Research Foundation

We have audited the balance sheet of Nova Scotia Health Research Foundation as at March 31, 2002 and the statements of the Foundation's equity and operating support and expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

LYLE TILLEY DAVIDSON
Chartered Accountants

Halifax, Nova Scotia
May 15, 2002

NOVA SCOTIA HEALTH RESEARCH FOUNDATION

Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
CURRENT ASSETS		
Cash	$ —	$ 8,799
Short term investments		
- administration	102,168	545,773
- restricted	2,790,970	1,678,577
Accounts receivable - administration	60,999	9,466
Prepaids	—	45,458
	2,954,137	2,288,073
CAPITAL ASSETS (note 5)	33,681	27,777
	$ 2,987,818	$ 2,315,850

LIABILITIES

		2002	2001
CURRENT LIABILITIES			
Bank indebtedness		$ 73,973	$ —
Accounts payable and accrued liabilities	- administration	68,065	104,979
	- restricted	2,480,378	1,821,876
		2,622,416	1,926,855

FOUNDATION'S EQUITY

	2002	2001
Unrestricted (note 4a)	54,810	532,294
Restricted (note 4b)	310,592	(143,299)
	365,402	388,995
	$ 2,987,818	$ 2,315,850

NOVA SCOTIA HEALTH RESEARCH FOUNDATION

Statement of Foundations's Equity
for year ending March 31, 2002

	2002	2001
UNRESTRICTED FUND EQUITY		
UNRESTRICTED FUND - BEGINNING OF YEAR	$ 532,294	$ 373,106
Excess of support over expenses (expenses over support)	(12,449)	159,188
Transfer to restricted fund (note 3)	(465,035)	—
UNRESTRICTED FUND - END OF YEAR	$ 54,810	$ 532,294
RESTRICTED FUND EQUITY (DEFICIT)		
RESTRICTED FUND - BEGINNING OF YEAR	$ (143,299)	$ 2,134,910
Support for grants	4,250,000	2,125,000
Canadian Health Services grant (note 8)	—	113,378
Issuance of grants	(4,445,996)	(4,601,902)
Interest on restricted funds (note 6)	184,852	85,315
Transfer from unrestricted fund (note 3)	465,035	—
RESTRICTED FUND - END OF YEAR	$ 310,592	$ (143,299)

Statement of Operating Support and Expenses
for the year ended March 31, 2002

	2002	2001
OPERATING SUPPORT		
Grant revenue	$ 750,000	$ 375,000
Program sponsorships	33,500	—
Interest income	32,621	12,680
	816,121	387,680
OPERATING EXPENSES		
Amortization	7,848	3,687
Capacity building program	328,380	22,500
Communications, public awareness and research findings		
- one-time	30,320	—
- ongoing	62,464	30,834
Consultants	44,968	24,046
Office	37,675	31,491
Meals and networking	3,438	1,602
Peer review of grant applications	34,536	21,750
Professional development	5,022	—
Regional partnership program	630	—
Salaries and benefits	159,449	72,491
Telephone, fax and website maintenance	7,255	2,710
Travel and meetings	18,955	11,123
Workshops	87,630	6,258
	828,570	228,492
EXCESS OF OPERATING SUPPORT OVER EXPENSES (EXPENSES OVER SUPPORT)	$ (12,449)	$ 159,188

Notes to Financial Statements
for the year ended March 31, 2002

1. CONTENT OF FINANCIAL STATEMENTS

The Nova Scotia Health Research Foundation, established by the Health Research Foundation Act of the Province of Nova Scotia (Bill No. 22) was given Royal Assent on December 3, 1998 and became effective on January 1, 2000. As stated in the Act the objects of the Foundation are to assist, collaborate with and fund individuals and organizations conducting health research in the Province including the fields of health policy, health promotion and health care and without limiting the generality of the foregoing, assist health-services research, health-outcome research, health public-policy research and medical research.

The accompanying financial statements include only the assets and operations of the Foundation.

2. ACCOUNTING POLICY

Capital assets

Capital assets are recorded at cost, and are amortized using the declining balance method at the annual rate of 30% for computer equipment and 20% for furniture and fixtures. Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal. Leasehold improvements are amortized by the straight-line method over ten years with a full year of amortization recorded in the year of acquisition.

Fund accounting

The Foundation uses the fund accounting methods of presenting its assets, liabilities and results of operations. This method recognizes the limitations and restrictions placed on the use of the resources available to the Foundation by classifying all transactions according to their nature.

Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable, short-term investments, bank indebtedness and accounts payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Foundation's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates.

3. DISTRIBUTION OF FUNDING

The annual grant made to the Foundation, which is provided from funds appropriated by the Nova Scotia Legislature, shall be distributed in accordance with the objects of the Foundations as follows:

(a) 40% shall be spent on medical research
(b) 15% shall be spent on health-outcome research
(c) 15% shall be spent on health-services research
(d) 15% shall be spent on health public-policy research
(e) a maximum of 15% may be spent on the administration of the Foundation and 5% of the total amount spent on administration shall be spent on increasing the public knowledge and awareness of the Foundation.

If less than the total money allocated is spent in any of the categories, the remaining portion shall be reallocated to one of the remaining categories in a manner determined by the Board. During the year the board approved reallocating 85% of the remaining portion of unspent administrative funds to medical research.

4. FUND ACCOUNTING

(a) Unrestricted Fund

The Unrestricted Fund is used to account for the primary operations of the Foundation, including costs related to administration, operations, and promotion of public awareness of the Foundation. Government grants and other income recorded directly by this fund include only those available for unrestricted operating purposes.

(b) Restricted Fund

The Restricted Fund is used to account for funds received that are designated for the issuance of grants for research including medical, health-outcome, health-services, and public policy research. At the time the approved grants are issued, the expenditures are recorded as a reduction of the fund equity.

5. CAPITAL ASSETS

	2002			2001
	Cost	Accumulated amortization	Net	Net
Computer equipment	$ 10,797	$ 4,373	$ 6,424	$ 9,177
Furniture and fixtures	23,427	6,063	17,364	18,600
Leasehold improvements	10,992	1,099	9,893	—
	$ 45,216	$ 11,535	$ 33,681	$ 27,777

6. INTEREST ON RESTRICTED FUND

During the year the restricted fund received a support grant from the Province of Nova Scotia, authorized and paid health research grants, and earned interest on the funds invested. These amounts have been distributed to each category as follows:

	Opening Fund Balance	Transfer From Unrestricted Fund	Support Grant	Authorized Grants	Interest	Ending Fund Balance
Medical research........	$ (457,094)	$ 465,035	$ 2,000,000	$ (2,459,297)	$ 86,989	$ (364,367)
Health outcome, services, and public policy research.....	261,909	—	2,250,000	(1,934,813)	97,863	674,959
Canadian health services........	51,886	—	—	(51,886)	—	—
	$ (143,299)	$ 465,035	$ 4,250,000	$ (4,445,996)	$ 184,852	$ 310,592

7. TAXATION

According to Bill 22, which was given Royal Assent effective January 1, 2000, the Foundation and its property are exempt from taxation imposed by or under the authority of any enactment of the Province of Nova Scotia. The Foundation is a registered charitable foundation under the Income Tax Act and is not subject to income taxes.

8. CANADIAN HEALTH SERVICES GRANT

The Nova Scotia Department of Health transferred $113,378 to the Foundation during the year ended March 31, 2001. These funds were restricted for the purpose of supporting the Canadian Health Services Research Foundation's Open Grants Competition. During the year $51,886 (2001 - $62,657, including interest earned of $1,165) of grants were disbursed. The restricted balance remaining at March 31, 2002 is zero.

9. STATEMENT OF CASH FLOW

A statement of cash flow was not prepared, as it would not provide any additional meaningful information to the users of the financial statements.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the 2002 financial statement presentation.

AUDITOR'S REPORT

To the Members of the Legislative Assembly; and
To the Minister of Community Services

I have audited the consolidated balance sheet of the Nova Scotia Housing Development Corporation as at March 31, 2002, and the consolidated statements of revenues and expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraphs, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Property management services for the Rural and Native Housing Program have been contracted to the Ki'Knu Housing Commission Society by the Nova Scotia Housing Development Corporation. Program revenues and expenditures reported by the Society are included in these consolidated financial statements. The Ki'Knu Housing Commission Society's financial statements are unaudited. Accordingly, I was not able to satisfy myself with respect to the amount of those revenues and expenditures and I was not able to determine if any adjustments might be necessary to recorded revenues of $5,383,605 (2001 - $5,503,652) and expenditures of $3,767,373 (2001 - $3,483,021).

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself with respect to the revenues and expenditures of the Rural and Native Housing Program administered by the Ki'Knu Housing Commission Society, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Housing Development Corporation as at March 31, 2002, and the results of its operations and changes in the fund balance for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 24, 2002

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Consolidated Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001 (Restated)
Current assets		
Cash, accounts receivable and accrued interest	$ 5,305,143	$ 5,932,813
Current portion of mortgages receivable	2,783,000	2,732,650
	8,088,143	8,665,463
Mortgages receivable (Note 4)	31,660,745	34,187,380
Investment in land and social housing (Notes 5 and 14)	394,109,853	403,721,058
Fund for future social housing expenditures (Note 2)	18,740,874	13,788,194
	$ 452,599,615	$ 460,362,095

LIABILITIES

	2002	2001 (Restated)
Current liabilities		
Payables and accruals	$ 7,178,504	$ 6,190,607
Current portion of long-term debt	10,285,035	9,391,102
Deferred federal contributions (Note 2)	18,740,874	13,788,194
	36,204,413	29,369,903
Long-term debt (Note 6)	319,909,225	328,049,529
Reserve for mortgage guarantees, indemnified loans and interest fluctuations (Note 7)	14,623,667	13,560,470
Partner's Equity and Minority Interest (Note 9)	942,603	2,990,601
Housing Development Corporation Fund (Note 3)	80,919,707	86,391,592
	$ 452,599,615	$ 460,362,095

Consolidated Statement of Revenues and Expenditures
for the Year Ended March 31, 2002

	2002	2001 (Restated)
Revenues		
Rental revenue	$ 48,424,480	$ 47,744,426
Interest revenue	2,533,873	2,801,653
Land sales	2,532,098	3,426,878
Recoveries from Canada Mortgage and Housing Corporation (Notes 2 and 13)	56,905,540	56,853,136
Recoveries from provincial government departments and municipalities (Note 2)	15,685,530	15,753,684
	126,081,521	126,579,777
Expenditures		
Administration fee	2,524,129	2,952,634
Amortization of investment in social housing	9,007,387	8,501,928
Cost of land sales	385,172	5,223,484
Operating (Note 10)	56,180,899	54,669,684
Interest on long-term debt	30,609,753	31,280,291
Transfer to Housing Services (Notes 2 and 13)	25,100,539	25,004,611
Changes in provision for doubtful accounts and land values	2,273,642	(1,052,855)
	126,081,521	126,579,777
Excess of revenues over expenditures	$ —	$ —

Commitments and Contingencies (Note 7)

The accompanying notes are an integral part of these statements.

NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

Statement of Changes in Fund Balance
for the Year Ended March 31, 2002

	2002	2001 (Restated)
Funds provided by (used for):		
Operations		
Excess of revenues over expenses	$ ---	$ ---
Add: Expenses not requiring cash		
Amortization of investment in social housing	9,007,387	8,501,928
Changes in provision for doubtful accounts and land values	2,273,642	(1,052,855)
(Gain) or loss on sale of land	(2,146,926)	1,796,605
Net change in operating assets and liabilities	1,615,567	(582,288)
	10,749,670	8,663,390
Investing activities		
Decrease in mortgages receivable	2,476,285	2,458,527
Increase (decrease) in partner's equity and minority interest	(2,047,998)	2,477,781
Increase (decrease) in net investment social housing	1,540,299	(1,599,306)
	1,968,586	3,337,002
Financing activities		
Repayment of long-term debt	(7,246,371)	(7,730,816)
Decrease in Fund balance during the year	5,471,885	4,269,576
Fund balance, beginning of year	(86,391,592)	(90,661,168)
Fund balance, end of year	$ (80,919,707)	$ (86,391,592)

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements
March 31, 2002

1. Status of the Corporation

The Nova Scotia Housing Development Corporation is a crown corporation established by the Nova Scotia Housing Development Corporation Act.

Basis of Consolidation

The consolidated financial statements include the accounts of the Nova Scotia Housing Development Corporation and the seven Regional Housing Authorities as well as the Ki'Knu Housing Commission Society which are controlled by the Corporation including all program recoveries and expenditures administered under the social housing agreement.

Regional Housing Authorities are incorporated bodies with no share capital established by ministerial order pursuant to Sec. 31 and 32 of the Housing Development Act, Chapter 7 of 1966. They provide community-based management of housing projects.

Regional Housing Authorities are controlled by the Corporation pursuant to Sec. 25(a) and (b) of the Housing Act Chapter 211 of the Revised Statutes 1989. This Act states the Minister-in-charge of the Corporation has the general management, supervision and authority over any housing authority and may make any order for the proper management or operation of the housing authority.

Significant transactions and account balances between the Corporation and the Regional Housing Authorities have been eliminated in these consolidated financial statements.

2. Significant Accounting Policies

Consolidation Method

The policies used in preparing the Corporation's consolidated financial statements are in accordance with accounting principles generally accepted in Canada.

Mortgages Receivable

Mortgages receivable are carried net of provisions for concessionary assistance and doubtful recoveries as described in Note 4 to the financial statements. A provision for doubtful recoveries is established to the extent that anticipated losses on bad debts exceed reserves. The Housing Development Corporation charges mortgage insurance fees to borrowers to offset the cost of bad debt write offs from the mortgage receivable portfolio.

The provision for concessionary assistance represents the present value of estimated future subsidies provided by the Housing Services Division of the Department of Community Services to low income borrowers to assist them in meeting their monthly mortgage payments to the Corporation.

Investment in Land and Social Housing

Investments in Social Housing represent housing properties which are carried at cost including the cost of site investigation, land, construction, administration, and interest during construction less accumulated amortization. The Corporation has established reserves for the risks associated with land development and fire losses.

The capital cost of social housing properties is amortized, using the sinking fund method, by the amount of the principal repaid on the related long-term debt financing the project.

Investments in land represent properties developed for resale. Land projects are carried at the lower of cost or estimated net realizable value. Land costs include acquisition and servicing costs, capitalized interest charges and administrative costs where applicable.

Profit or loss on the sale of land is recorded as lots are sold except when revenue or costs cannot be reasonably determined. Costs incurred plus estimated costs to complete are accumulated and allocated to individual units on the basis of relative sales values and written off as lots are sold. Certain common costs, such as main roadways, are allocated to that phase of the project with the applicable spending authority.

Recoveries From CMHC - Social Housing

Pursuant to the Social Housing Agreement executed by the Corporation and Canada Mortgage and Housing Corporation (CMHC) which took effect Oct 1, 1997, CMHC is required to pay fixed annual contributions to the Corporation over the remainder of the CMHC commitment period ending June 30, 2034. Contributions from CMHC are used by both the Corporation and the Housing Services Division of the Department of Community Services to meet the interest, amortization, subsidy and administration expenses of programs under the Agreement.

CMHC funding not used during the current fiscal year by the Corporation or the Housing Services Division is eligible for carry forward to future years. Unused CMHC funding is recorded separately in two interest bearing accounts entitled Fund for Future Social Housing Expenditures and Deferred Federal Contributions whose balances at March 31, 2002 were $18,740,874.

During the year and under the Social Housing Agreement the corporation received funding from CMHC and made distributions and recoveries as outlined in the table below:

	2002	2001
Recoveries from Canada Mortgage and Housing Corporation		
Social Housing Transfer Agreement	56,905,540	56,853,136
Transfer to Department of Community Services Housing Services Division	25,100,539	25,004,611

Recoveries from CMHC are subject to independent audit. Adjustments to recoveries, accounts receivable, deferred federal contributions and the Fund for Future Social Housing Expenditures, arising from the audit process, are recorded in the year the audit is finalized.

Recoveries From Provincial Government Departments and Municipalities

Costs incurred by the Corporation for the amortization of provincial social housing assets and the interest costs associated with the debt financing of these assets are recovered from the applicable provincial government department and municipality:

	2002	2001
Department of Community Services		
-- Doubtful accounts change	$ 1,987,628	$ (1,052,855)
- Amortization, interest and land loss	7,065,017	10,045,254
Department of Justice	1,164,324	1,164,324
Municipal share of public housing costs	5,468,561	5,596,961
	$ 15,685,530	$ 15,753,684

Interest Revenue

Interest revenue associated with lending programs is recorded on the accrual basis as interest is earned.

Interest on Long-Term Debt

Interest expense on long-term debt is recorded on the accrual basis as interest obligations are incurred.

Administration Fee

The administration of the Nova Scotia Housing Development Corporation is carried out by the staff of the Department of Community Services. The Corporation reimburses the Housing Services Division of the Department to the extent that revenues earned by the Corporation would otherwise exceed expenditures.

3. Housing Development Corporation Fund

To provide working capital for the Nova Scotia Housing Development Corporation, the Housing Development Corporation Fund was established by Order-In-Council. The Fund is set up as a revolving account which records all receipts and expenditures, and allows the Corporation to borrow up to $175 million.

4. Mortgages Receivable

Mortgages receivable have an amortization period of 25 years and five or ten-year renewal terms. Aggregate monthly payments are approximately $231,917 including interest. Interest rates vary from 6.5% to 13.05%, with renewal dates ranging from April 1, 2002 to October 1, 2012. The mortgages are secured by registered first mortgages on the related properties.

	2002	2001
Mortgages receivable	$ 36,855,937	$ 39,331,922
Less: Current portion due within one year	2,783,000	2,732,650
Provision for concessionary assistance and doubtful recoveries	2,412,192	2,411,892
	5,195,192	5,144,542
	$ 31,660,745	$ 34,187,380

Estimated principal repayments for the next four years are as follows:

2003-2004	$ 2,602,251
2004-2005	$ 2,653,919
2005-2006	$ 2,718,563
2006-2007	$ 2,796,623

5. Investment in Land and Social Housing

	2002	2001
Investment in land	$ 6,549,163	$ 5,217,981
Investment in social housing	392,209,662	402,579,848
	398,758,825	407,797,829
Less: Provision for doubtful land recoveries	3,068,676	3,080,745
Provision for fire and other social housing losses	1,580,296	996,026
	4,648,972	4,076,771
	$ 394,109,853	$ 403,721,058

6. Long -Term Debt

		2002		2001
Notes payable	$	252,656,544	$	257,759,775
Mortgages payable		77,537,716		79,680,856
		330,194,260		337,440,631
Less: Current portion due within one year		10,285,035		9,391,102
	$	319,909,225	$	328,049,529

Long term debt is comprised of mortgages and notes payable from various lenders. The amortization of the notes payable ranges from 5 to 36 years. The mortgages payable amortization periods range from 20 to 35 years with either five or ten year renewal terms. Notes payable are secured by investments in social housing. Mortgages and notes payable are repayable in monthly or quarterly installments of interest and principal. Interest rates vary from 4.00% to 21.50% with renewal dates ranging from April 1, 2002 to January 1, 2034.

Estimated principal repayments for the next four years are as follows:

2003-2004	$ 10,033,789
2004-2005	$ 10,818,945
2005-2006	$ 11,574,670
2006-2007	$ 12,074,091

7. Commitments and Contingencies

Pursuant to the October 1, 1997 Social Housing Transfer Agreement CMHC requires the Corporation to indemnify CMHC against future losses related to their insured loan portfolio for Nova Scotia. As at March 31, 2002 there were 549 loans with an approximate outstanding balance of $178,473,218 (2001 - $182,818,368).

The Corporation provides mortgage guarantees of interest and principal to lenders financing certain housing projects. As at March 31, 2002 a total of 30 (2001 - 30) mortgage guarantees were in effect, and the outstanding balance of mortgages guaranteed was $27,474,887 (2001 - $28,185,263).

The Corporation has established reserves for possible losses on mortgage guarantees and indemnified loans in the amount of $14,623,667 (2001 - $13,790,958) which includes a reserve for risks associated with interest fluctuation of $3,200,000 (2001 - $3,200,000). In addition, the Corporation self insures against fire and other social housing risks and has recorded a provision of $1,000,000 as disclosed in Note 5.

8. Related Party Transactions

Included in notes 2 and 3 of these consolidated financial statements are transactions with various Nova Scotia government departments related to the Corporation by virtue of common control.

9. Partner's Deficiency and Minority Interest

The Housing Authorities operate under partnership agreements among the Nova Scotia Department of Community Services - Housing Services, Municipal governments and each Housing Authority. Under the terms of these agreements, the Housing Authorities, as trustee, have lease title to certain rental housing properties for the control, operations, management and administration of various projects.

Partner's Equity (Deficiency) and Minority Interest

	2002	2001
Department of Community Services		
Opening Balance, April 1	$ 9,515,968	$ 4,021,767
Advances and amortization	44,073,446	46,465,051
Payment of deficits by municipalities	(5,563,106)	(5,588,038)
Change in accounting policy (Note 12)	(1,790,063)	3,163,824
Excess of revenue over expenditures	(38,862,820)	(38,546,636)
Closing balance, March 31	7,373,425	9,515,968
Municipalities' and Towns' Minority interest		
Opening Balance, April 1	(6,525,367)	(6,516,444)
Payments of deficits by municipalities	5,563,106	5,588,038
Excess of revenue over expenditures	(5,468,561)	(5,596,961)
Closing balance, March 31	(6,430,822)	(6,525,367)
Partner's Equity	$ 942,603	$ 2,990,601

10. Operating

	2002	2001
Administration	$ 11,181,609	$ 10,511,382
Maintenance	13,561,458	12,688,463
Management fee	1,014,650	1,033,588
Modernization and improvements	4,970,944	2,794,340
Municipal taxes	6,553,158	6,523,680
Other operating	6,906,153	7,451,116
Utilities	11,992,927	13,667,115
	$ 56,180,899	$ 54,669,684

11. Pension Plan

The Regional Housing Authorities each have defined contribution pension plans available to eligible employees. Authority contributions are included in operating expenses in the consolidated statement of revenues and expenditures.

12. Changes in Accounting Policy

The Corporation changed its accounting policy from reporting on a non-consolidated basis to reporting on a consolidated basis and now includes the financial statements of the Regional Housing Authorities. This change has been made retroactively. The impact of this change is a $81.5 million increase in revenue and corresponding expenses in 2002 (2001 - $80.1 million).

The Corporation also recorded a retroactive adjustment (see note 9) of $1,790,063 in 2002 (2001 - $3,163,824) to record tangible capital assets acquired by the Regional Housing Authorities prior to March 31, 2001 which had previously been expensed.

13. Recoveries From CMHC for Social Housing

The Corporation upon consolidation changed its method of disclosing these recoveries from net to gross. Whereas the recoveries had been shown in prior years net of transfers to Housing Services, the recoveries are now shown at the gross amount and transfers are separately stated as expenditures.

14. Tangible Capital Assets

The investment in land and social housing disclosed in Note 5 of $392,209,262 (2001 - $402,579,848) includes social housing properties acquired through the social housing transfer agreement from the Housing Development Fund and from acquisitions dating back several decades to predecessor housing organizations within government.

These properties were originally recorded at net book value which included cost of land and buildings. Net book value was amortized over the years. Amortization includes amounts related to land which is not in accordance with generally accepted accounting principles. Historical information related to the original cost of land versus buildings is not available.

On a carry forward basis, future construction and or acquisitions will be separated as to land and building in accordance with generally accepted accounting principles.

The tangible capital assets consolidated from the Regional Housing Authorities' financial statements are included in the net book value above. The rates and method of depreciation used to amortize these assets over their estimated useful lives are as follows:

Buildings	5 % declining balance
Equipment	20 % declining balance
Computer equipment	30 % declining balance
Vehicles	30 % declining balance

The following information on costs, accumulated amortization and net book value is available for those assets:

			Net Book Value	
	Cost	**Accumulated Amortization**	**2002**	**2001**
Buildings	$ 6,139,292	$ 1,444,541	$ 4,694,751	$ 4,941,351
Equipment	56,376	23,903	32,473	40,591
Computer	73,772	50,288	23,484	33,547
Vehicles.	1,446,239	962,865	483,374	339,099
ITRP costs	324,134	---	324,134	
Total.	$ 8,039,813	$ 2,481,597	$ 5,558,216	$ 5,354,588

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia; and
To the Minister of the Office of Economic Development

I have audited the consolidated balance sheet of the Nova Scotia Innovation Corporation as at March 31, 2002 and the consolidated statements of loss, deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 3, 2002

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA INNOVATION CORPORATION

Consolidated Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Cash and cash equivalents	$ 2,130,218	$ 2,127,716
Receivables	1,628,794	2,235,299
Inventories	99,033	247,188
Other (Note 13)	—	118,473
	3,858,045	4,728,676
Investments and funds		
Nova Scotia First Fund (Note 3)	9,393,115	10,235,721
Research Endowment Fund (Note 4)	661,182	661,182
Other investments (Note 5)	708,590	708,590
Receivables (Note 6)	493,557	403,448
Capital Assets, (Note 7)	5,537,167	6,049,584
Deferred lease inducement (Note 8)	44,270	—
	$ 20,695,926	$ 22,787,201

LIABILITIES

	2002	2001
Current		
Payables and accruals	$ 881,541	$ 1,115,958
Payable to Province of Nova Scotia	2,823,274	2,662,677
Deferred revenue	72,003	69,760
Current portion of long term debt	29,265	23,924
	3,806,083	3,872,319
Long term debt (Note 9)	432,375	379,073
Deferred revenue	16,412	—
Deferred government assistance	390,725	506,693
	4,645,595	4,758,085
Non-controlling interest	(323,399)	(36,256)

EQUITY

Capital stock and contributed surplus (Note 10)	19,110,755	19,110,755
Deficiency		
Restricted for Nova Scotia First Fund (Note 3)	(1,717,676)	(875,070)
Unrestricted	(1,019,349)	(170,313)
	(2,737,025)	(1,045,383)
	16,373,730	18,065,372
	$ 20,695,926	$ 22,787,201

Commitments (Note 3)
Contingency (Note 3)

See accompanying notes to the consolidated financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA INNOVATION CORPORATION

Consolidated Statement of Loss
Year Ended March 31, 2002

	2002	2001
Revenues and Grants		
Government grants (Note 11)	$ 2,333,968	$ 2,655,796
Commercialization services	547,137	782,580
Technical services	686,259	890,436
Sector development	145,824	486,457
Business incubation	369,611	444,279
Virtual business delivery	168	324,469
Mentoring and information intelligence	221,768	76,747
	4,304,735	5,660,764
Expenses		
Commercialization services	791,595	1,257,751
Technical services	582,750	841,593
Sector development	200,913	647,320
Business incubation	463,418	502,000
Virtual business delivery	1,159,990	568,981
Mentoring and information intelligence	390,305	180,464
Corporate services	1,003,451	1,014,799
Occupancy costs	355,996	432,831
Corporate office	398,731	386,952
	5,347,149	5,832,691
	(1,042,414)	(171,927)
Amortization	(396,358)	(433,985)
Investment income	126,704	233,583
Early retirement incentive plan expense	—	(122,028)
Nova Scotia First Fund net loss	(842,606)	(1,923,363)
Non-controlling interest in subsidiary's net loss	287,143	36,256
	(825,117)	(2,209,537)
Loss before unusual item and discontinued operations	(1,867,531)	(2,381,464)
Unusual item (Note 12)	—	1,487,703
Loss before discontinued operations	(1,867,531)	(893,761)
Discontinued operations (Note 13)	175,889	(23,049)
Net loss	$ (1,691,642)	$ (916,810)

Consolidated Statement of Deficit
Year Ended March 31, 2002

	2002	2001
Deficit, beginning of year	$ (1,045,383)	$ (128,573)
Net loss	(1,691,642)	(916,810)
Deficit, end of year	$ (2,737,025)	$ (1,045,383)

See accompanying notes to the consolidated financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA INNOVATION CORPORATION

Consolidated Statement of Cash Flows
Year Ended March 31, 2002

	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Net loss	$ (1,691,642)	$ (916,810)
Amortization	396,358	433,985
Deferred government assistance recognized	(141,368)	(139,765)
Nova Scotia First Fund net loss	842,606	1,923,363
Non-controlling interest in subsidiary's net loss	(287,143)	—
Early retirement incentive plan (Note 9)	—	(1,487,703)
Gain on disposal of assets	(173,314)	(6,772)
	(1,054,503)	(193,702)
Change in non-cash operating working capital (Note 14)	817,968	(726,275)
	(236,535)	(919,977)
Investing		
Nova Scotia First Fund portfolio investments, net	411,250	2,018,650
Nova Scotia First Fund investments	(411,250)	(2,018,650)
Proceeds from Nova Scotia First Fund investments	164,999	—
Acquisition of Nova Scotia First Fund investments	(164,999)	—
Advances from (to) investees, net	81,544	(43,099)
Long term receivables	(214,850)	67,584
Long term receivables payments received	124,740	—
Capital asset purchases	(26,419)	(68,935)
Proceeds from disposal of capital assets	315,790	—
Lease inducement, net	(44,270)	—
	236,535	(44,450)
Financing		
Long term debt repayments	(41,485)	(33,677)
Deferred government assistance	25,400	106,643
Increase in equipment lease obligation	18,587	—
	2,502	72,966
Increase (decrease) in cash and cash equivalents	2,502	(891,461)
Cash and cash equivalents,		
Beginning of year	2,127,716	3,019,177
End of year	$ 2,130,218	$ 2,127,716

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements
March 31, 2002

1. Authority

The Nova Scotia Innovation Corporation (InNOVAcorp) was established on February 6, 1995 by the Innovation Corporation Act. Its purpose is to build relationships that enable technology-based Nova Scotia firms to compete successfully for business anywhere in the world.

2. Summary of significant accounting policies

InNOVAcorp's financial statements have been prepared in accordance with generally accepted accounting principles, which include the following:

a. Principles of consolidation

The consolidated financial statements include the accounts of InNOVAcorp, its wholly owned subsidiary, 1402998 Nova Scotia Limited (formerly Nova Magnetics Limited) and its 80% owned subsidiary, 3839966 Canada Limited (operating as The Decision Point).

b Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

c. Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and temporary money market instruments at cost plus accrued interest with original maturities of three months or less. Portfolio investments of the Nova Scotia First Fund which mature within ninety days are accorded the same treatment.

d. Inventory

Inventory is valued at the lower of cost or net realizable value.

e. Long term investments

Venture capital investments made through the Nova Scotia First Fund and investments in companies over which InNOVAcorp does not have control are carried at cost. Where management has determined a decline in value that is considered to be other than temporary, these investments are written down to provide for the loss. Fixed income investments of the Nova Scotia First Fund with terms to maturity greater than ninety days are recorded at cost plus accrued interest.

f. **Capital assets**

The cost of capital assets is being depreciated over the estimated lives of the assets using the following rates and methods:

Buildings	4%	declining balance
Machinery and equipment	20%	declining balance
Computer equipment	30%	declining balance
SE Technology license	17%	straight line
Furniture and fixtures	20%	declining balance
Improvements	100%	declining balance
Management Information Systems	10%	straight line

g. **Donated assets**

The donation of assets to InNOVAcorp is considered a capital contribution. These assets are recorded at their fair market value with an offsetting increase to a contributed capital account identifying the source of the donation. These assets are charged to income over their estimated economic life as described in Note 2(f) above.

h. **Government grants and deferred government assistance**

Government grants used for the acquisition of property, plant and equipment are recorded as deferred government assistance and recognized as income on the same basis as the related assets are depreciated. Grants related to other expenditures are recognized as income in the year the related expenditures are incurred.

i. **Translation of foreign currencies**

Current assets, current liabilities, long term monetary assets and liabilities are translated at the year end rate of exchange. Revenue and expenses are translated at the rates prevailing when the transaction occurred. Translation gains and losses are included in earnings except for unrealized gains and losses arising from translation of long term monetary assets and liabilities, which are deferred and amortized over the remaining lives of the related items.

j. **Lease inducements**

Amounts paid to tenants to renovate premises are recorded as deferred lease inducement and amortized over the life of the lease.

3. **Nova Scotia First Fund**

In 1989 the Nova Scotia First Fund (NSFF) was established by Governor in Council. The objective of the fund is to encourage the development of high technology industries and to encourage the adoption of new technologies by existing industries. Fund investments represent investments in development stage enterprises and, as such, have not yet earned significant revenues from their intended business activities or established their commercial viability. The recovery of invested amounts and the realization of investment returns is dependent upon the successful resolution of scientific, regulatory, competitive and other risk factors, as well as the eventual commercial success of these enterprises. Adverse developments could result in further write-downs of the carrying values of these investments.

During 1996-97, InNOVAcorp assumed management of the NSFF pursuant to the Innovation Corporation Act. The administration of investments and obligations made through the NSFF to April 1, 1996 was also transferred to InNOVAcorp. Fund activity during the current year is summarized below:

	Portfolio Investments	Fund Investments	Fund Obligations	Valuation Adjustment	Fund Balance
Beginning Balance	$ 5,769,775	$ 8,787,915	$ (225,000)	$ (4,096,969)	$ 10,235,721
Add (Deduct):					
Equity investments	(411,250)	411,250	—	—	—
Write-off investments	—	(500,000)	—	500,000	—
Income	129,394	—	—	(972,000)	(842,606)
Repayments	164,999	(164,999)	—	—	—
Ending Balance	$ 5,652,918	$ 8,534,166	$ (225,000)	$ (4,568,969)	$ 9,393,115

InNOVAcorp is entitled to recover direct expenses associated with its administration of the NSFF. To date it has elected not to charge the Fund for any of the costs incurred. These costs are charged to the Commercialization Services division of the Corporation.

In addition to the above investments and obligations, as at March 31, 2002 there were $706,250 approved commitments for the NSFF (2001 - $250,000) and a guarantee of $115,000 (2001 - $115,000) outstanding. Subsequent to year end, $226,250 of these approved commitements were fulfilled.

InNOVAcorp and TARA (Telecom Applications Research Alliance) entered into a $2 million investment alliance agreement (InNOVAcorp share $1 million) to support emerging information technology (IT) companies. This strategic alliance provides capital to IT companies with high growth potential and is targeted at early-stage companies seeking $100,000 to $300,000 in venture financing. A subcommittee of representatives from both organizations manages the joint venture. At March 31, 2002, $1,000,000 (InNOVAcorp share - $500,000) has been placed under this agreement.

The fund obligation of $225,000 was paid subsequent to year end.

Fund investments include $325,000 invested in a company which has commenced an action against a customer for patent infringement. The recovery of this investment is dependent on the success of the legal proceedings which are not determinable at this time.

4. Research Endowment Fund

The Research Endowment Fund was transferred to InNOVAcorp when the Nova Scotia Research Foundation Corporation was dissolved. Subject to any directions provided by the Governor in Council, the Fund is administered and controlled by InNOVAcorp. The Fund can be used for purposes consistent with the objects of InNOVAcorp.

The funds have been invested in bonds and debentures and their fair market value approximates cost.

5. Other Investments

	2002	2001
Applied Microelectronics Incorporated - 490,000 3%, non-cumulative preferred shares	$ 490,000	$ 490,000
Immune Network Ltd. 1,248,436 common shares	84,141	84,141
PlantSelect Biotechnology Systems Limited		
20,000 common shares	29,744	29,744
Preferred shares	94,705	94,705
Produxys Solutions Inc. 1,000 common shares	10,000	10,000
	$ 708,590	$ 708,590

6. Receivables

	2002	2001
Loan receivable	$ 176,750	$ 265,750
Leases receivable	354,837	187,794
	531,587	453,544
Current Portion	38,030	50,096
	$ 493,557	$ 403,448

The loan relates to the disposition of laboratories in September, 1999, payable in quarterly instalments, with interest at a rate of 9.65% per annum. The final instalment is due October 31, 2004.

InNOVAcorp leases equipment under agreements with terms of three to eight years. The leases, which transfer substantially all of the risks and benefits incidental to ownership, have been accounted for as sales.

During the year, a new lease was entered into for $300,000 relating to the sale of the Envronmental Simulation Lab (ESL) division.

7. Capital assets

	Cost	Accumulated Amortization	2002 Carrying Value	2001 Carrying Value
Land	$ 350,700	$ —	$ 350,700	$ 350,700
Buildings	5,926,357	1,286,823	4,639,534	4,832,848
Machinery and equipment	919,439	639,104	280,335	487,183
Computer equipment	681,796	546,990	134,806	210,011
SE technology license	111,000	111,000	—	1,803
Furniture & fixtures	176,766	120,419	56,347	70,434
Leaseholds	180,375	166,416	13,959	—
Incorporation costs	1,019	—	1,019	—
Management information system	146,474	86,007	60,467	96,605
	$ 8,493,926	$ 2,956,759	$ 5,537,167	$ 6,049,584

8. Deferred lease inducements

	2002	2001
Lease inducement	$ 51,265	$ —
Accumulated amortization	—	—
	51,265	—
Less: current portion	6,995	—
	$ 44,270	$ —

9. Long term debt

	2002	2001
Nova Scotia Business Inc. (NSBI)	$ 97,390	$ 121,002
Long term service award	267,982	281,995
Equipment lease obligation	14,724	—
Payable to shareholders	81,544	—
	461,640	402,997
Less: Current portion	29,265	23,924
	$ 432,375	$ 379,073

Principal repayments for the NSBI loan and equipment lease obligation for the next four years years are as follows:

2003	$ 29,265
2004	31,467
2005	33,524
2006	17,858

Early Retirement Incentive Plan

Payable to shareholders

The amounts advanced from shareholders of an 80% owned subsidiary are non-interest bearing, with no set erms of repayment.

Long Term Service Award

Employees of the Corporation are entitled to long term service awards on retirement, based on the number of years of service. These are earned at a rate of one week's pay for every year of service, to a maximum of 26 weeks.

The liability recorded represents management's best estimate of the net present value of future awards to be paid to retiring staff. The benefit expense calculation includes an imputed interest charge on the average unfunded liability throughout the period, and an accrual for the award earned by the employees during the period.

10. Capital stock and contributed surplus

	2002	**2001**
Capital stock		
Class A Common Shares, par value $1.00	$ 75	$ 75
Principal Share, par value $1.00	1	1
	76	76
Contributed surplus		
Nova Scotia First Fund	11,110,791	11,110,791
Nova Scotia Research Foundation Corporation	7,509,888	7,509,888
Applied Microelectronics Incorporated (Note 5)	490,000	490,000
	19,110,679	19,110,679
	$ 19,110,755	$ 19,110,755

11. Government grants

InNOVAcorp receives an annual grant from the Province of Nova Scotia as well as funding from various other Federal and Provincial government agencies for current operations and acquisition of capital assets. Funding related to the operating activities of a business unit has been included in the revenue of that unit.

Funding related to the acquisition of capital assets is deferred as disclosed in note 2(h).

Details of funding are as follows:

	2002	2001
Grant - Province of Nova Scotia	$ 2,218,000	$ 2,609,300
Assistance for capital acquisitions	—	13,375
Government funding used to finance capital assets	(25,400)	(88,050)
Amortization of capital grants	141,368	121,171
	$ 2,333,968	$ 2,655,796

12. Unusual items

	2002	2001
Elimination of Early Retirement Incentive Plan liability	$ —	1,487,703

Effective March 31, 2001, the Province of Nova Scotia assumed the liability for the Early Retirement Incentive Plan.

13. Discontinued operations

	2002	2001
Sale of Environmental Simulation Lab		
Net earnings for the year	$ 13,981	$ —
Gain on disposal of assets	148,387	—
	162,368	—
Sale of Nova Magnetics Limited		
Net loss for the year	(11,054)	
Gain on disposal of assets	24,575	
Net loss to the measurement date	—	(23,049)
	13,521	(23,049)
	$ 175,889	$ (23,049)
Revenues excluded from revenues and grants		
Nova Magnetics Limited	$ 368,893	$ 736,350

Remaining assets and liabilities of the discontinued business segment

	2002	2001
Nova Magnetics Limited		
Current assets	$ —	$ 470,839
Capital assets	$ —	$ 12,074
Current liabilities	$ —	$ 1,829,178

Sale of Nova Magnetics Limited

On January 9, 2001 (measurement date), inNOVAcorp agreed to sell the assets of Nova Magnetics Limited, its wholly owned subsidiary.

The loss from operations from January 9, 2001 to March 31, 2001 of $118,473 had been deferred in the 2001 fiscal year.

InNOVAcorp disposed of Nova Magnetics Limited on July 31, 2001.

Sale of Environmental Simulation Lab

On December 17, 2001, InNOVAcorp disposed of its Environmental Simulation Lab (ESL) division.

14. Supplemental cash flow information

	2002	2001
Change in non-cash operating working capital		
Deferred charges	$ 118,473	$ (118,473)
Receivables	606,505	110,287
Inventories	148,155	100,069
Payables and accruals	(234,417)	155,092
Payable to Province of Nova Scotia	160,597	(784,261)
Deferred revenue	18,655	(188,989)
	$ 817,968	$ (726,275)

15. Public Service Superannuation Fund

Employees of InNOVAcorp, other than casual employees, are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the expenses of InNOVAcorp's divisions.

The Department of Finance administers the Public Service Superannuation Fund. InNOVAcorp is not responsible for any unfunded liability.

16. Related party transactions

Entity	Relationship	Sales To	Year End Receivable
PlantSelect Biotechnology Systems Limited	50% investee	$ 6,405	$ 207,381
BioScience Enterprise Centre	Managed Incubator	58,059	190,673
NSFF Investments	Investments	126,302	

Facilities and administrative services are provided to PlantSelect Biotechnology Systems Limited at no cost.

Sales to NSFF investments are at the same prices and terms as with unrelated parties. InNOVAcorp also has the use of the Technology Innovation Centre, which is owned by the Province of Nova Scotia, at no cost.

17. Income taxes

InNOVAcorp is exempt from income tax under Section 149 of the Income Tax Act.

18. Comparative Figures

Certain of the 2001 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2002.

AUDITOR'S REPORT

To the Minister of Justice; and

To the Chair and Members of the
Nova Scotia Legal Aid Commission

I have audited the balance sheet of the Nova Scotia Legal Aid Commission as at March 31, 2002, and the statements of revenue and expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
June 27, 2002

NOVA SCOTIA LEGAL AID COMMISSION

Statement of Revenue and Expenses
Year Ended March 31, 2002

	2002	2001
Revenue		
Grant - Province of Nova Scotia	$ 12,525,939	$ 11,375,434
Interest	191,803	229,485
Other income	125,523	49,737
	12,843,265	11,654,656
Expenses (Page 321)		
Amortization	138,902	56,670
Capital lease interest	697	2,980
Directors' fees	21,378	40,194
Equipment and maintenance	80,707	85,305
Library	160,907	146,950
Membership, meetings and conferences	202,091	176,972
Office disbursements	253,757	191,077
Private solicitors' fees (Note 6)	2,096,444	1,664,355
Professional and other fees	187,822	126,401
Salaries and benefits	8,758,048	7,361,831
Supplies and services	964,455	909,013
Travel	128,103	268,999
	12,993,311	11,030,747
(Deficiency) excess of revenue over expenses before special cases and unusual items	(150,046)	623,909
Special cases (Note 7)		
Contribution from the Province of Nova Scotia	343,533	281,484
Contribution from clients	15,194	16,530
	358,727	298,014
Expenses, special cases	358,727	298,014
	—	—
(Deficiency) excess of revenue over expenses before unusual items	(150,046)	623,909
Unusual items (Note 16)	227,129	—
Excess of revenue over expenses	$ 77,083	$ 623,909

See accompanying notes to the financial statements.

NOVA SCOTIA LEGAL AID COMMISSION

Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Cash	$ —	$ 1,086,062
Investments	3,999,576	2,696,914
Receivables	337,509	295,664
Prepaids	22,620	30,063
	4,359,705	4,108,703
Trust Fund - long service awards (Note 3)	1,425,108	1,163,900
Capital assets (Note 4)	561,799	181,950
	$ 6,346,612	$ 5,454,553

LIABILITIES

	2002	2001
Current		
Bank indebtedness	$ 321,939	$ —
Payables and accruals (Notes 5 and 6)	1,768,650	1,288,228
Current portion of obligation under capital lease	—	13,065
Deferred contribution - special cases (Note 7)	524,698	468,232
	2,615,287	1,769,525
Long-term		
Early retirement incentive program (Note 8)	—	178,372
Long service awards (Note 9)	1,425,108	1,163,900
	1,425,108	1,342,272
Deferred contributions - capital assets (Note 10)	549,180	662,802
	4,589,575	3,774,599
Net Assets		
Unrestricted net assets	917,604	1,050,102
Net assets invested in capital assets (Page 316)	157,208	95,560
Reserve for future case completion (Page 316 & Note 11)	682,225	534,292
	1,757,037	1,679,954
	$ 6,346,612	$ 5,454,553

Commitment and contingencies (Note 12)

See accompanying notes to the financial statements.

NOVA SCOTIA LEGAL AID COMMISSION

Statement of Changes in Net Assets
Year Ended March 31, 2002

				2002	2001
	Unrestricted Net Assets	Net Assets Invested in Capital Assets	Reserve for Future Case Completion	Total	Total
Balance, beginning of year	$ 1,050,102	$ 95,560	$ 534,292	$ 1,679,954	$ 1,056,045
Excess of revenue over expenses	77,083	—	—	77,083	623,909
Purchase of capital assets	(86,134)	86,134	—	—	—
Amortization	37,551	(37,551)	—	—	—
Capital lease repayment	(13,065)	13,065	—	—	—
Transfer to reserve for future case completion	(147,933)	—	147,933	—	—
Balance, end of year	$ 917,604	$ 157,208	$ 682,225	$ 1,757,037	$ 1,679,954

Statement of Cash Flows
Year Ended March 31, 2002

	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenses	$ 77,083	$ 623,909
Amortization	138,902	56,670
Amortization of deferred contributions - capital	(113,622)	(30,134)
	102,363	650,445
Change in non-cash operating working capital (Note 14)	446,020	(191,104)
	548,383	459,341
Financing		
Principal repayments of capital lease	(13,065)	(17,122)
(Decrease) increase in early retirement incentive program	(178,372)	4,350
Advances for special cases, net	56,466	265,826
Advances for capital asset purchases	—	400,000
	(134,971)	653,054
Investing:		
Increase in investments	(1,302,662)	(144,191)
Purchase of capital assets	(518,751)	(145,082)
	(1,821,413)	(289,273)
Net (decrease) increase in cash and cash equivalents	(1,408,001)	823,122
Cash and cash equivalents,		
Beginning of year	1,086,062	262,940
End of year	$ (321,939)	$ 1,086,062

See accompanying notes to the financial statements.

1. Authority

The Nova Scotia Legal Aid Commission was established in 1977 pursuant to the Legal Aid Act. The Act and Regulations stipulate that the Commission can provide legal services to persons whose income is derived primarily from municipal or provincial social assistance or to persons in an equivalent position.

Commission activities are funded by a grant from the Province of Nova Scotia. The Province in turn receives a contribution from the Government of Canada for legal aid provided by the Commission.

2. Summary of significant accounting policies

Revenue

Operating grants are recorded on the accrual basis.

Contributions from the Province of Nova Scotia for the acquisition of capital assets are recorded as deferred contributions and are amortized to revenue in accordance with the amortization schedule for each capital asset acquired.

Capital assets

Capital assets are stated at cost and are amortized on a straight-line basis over their estimated useful lives:

Computer equipment	33.33% per year
Furniture and equipment	20% per year
Leasehold improvements	Over term of lease
Equipment under capital lease	33.33% per year

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

Special cases

Periodically, the Commission provides legal services to clients upon special request from the Department of Justice where the clients would not otherwise be eligible under the Commission's guidelines. Contributions and expenses related to these special cases are presented separately on the statement of revenue and expenses.

Investments

Investments consist of banker acceptance notes and are valued at cost, which approximates market value.

3. Trust Fund - long service awards

The Commission follows the provisions of the Civil Service Act with respect to the payment of long service awards to retiring employees. The Commission is responsible for the funding and eventual payment of these awards.

The Commission maintains a trust fund to provide for the eventual payment of awards and to administer long service award advances. The Commission provides contributions, from general operating funds, to defray future obligations for long service awards.

In prior years, employees with 15 years of employment could apply for an advance on their long service award. Advances are repayable upon retirement or termination, together with interest at the provincial borrowing rate which existed at the time of the advance. As at March 31, 2002, six employees have received advances. Advances plus accrued interest at March 31, 2002 totalled $147,237 (2001 - $143,287).

		2002	2001
Balance, beginning of year		$ 1,163,900	$ 1,065,156
Add:	Contribution from operating funds	68,842	59,989
	Outstanding year end contribution	149,742	—
	Interest on long service award advances	7,450	7,818
	Interest on investments	35,174	47,669
		261,208	115,476
Less:	Long service awards paid to retiring employees	—	16,732
Balance, end of year		$ 1,425,108	$ 1,163,900
Consisting of:			
Cash		$ 79,335	$ 512
Investments and accrued interest on investments		1,048,794	1,020,101
Receivable - long service award advances and accrued interest on advances		147,237	143,287
Contribution due from operating funds		149,742	—
		$ 1,425,108	$ 1,163,900

4. Capital assets

	Cost	Accumulated Amortization	2002 Net Book Value	2001 Net Book Value
Computer equipment	$ 585,363	$ 172,702	$ 412,661	$ 91,108
Furniture and equipment	76,634	255	76,379	—
Leasehold improvements	131,058	58,299	72,759	78,571
Equipment under capital lease	50,124	50,124	—	12,271
	$ 843,179	$ 281,380	$ 561,799	$ 181,950

5. Accounts payable and accruals

	2002	2001
Supplies and services	$ 247,825	$ 177,328
Accrued private solicitors' fees (Note 6)	1,136,623	849,395
Employee salaries and benefits	384,202	261,505
	$ 1,768,650	$ 1,288,228

6. Measurement uncertainty

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized in the financial statements. This exists when there is a variance between the recorded amount and another reasonable possible amount.

Measurement uncertainty in these financial statements is inherent in the recording of accrued private solicitors' fees. At the end of each fiscal year the Commission has a liability for work conducted by private solicitors that is not yet billed and paid. At March 31, 2002, a liability of $1,136,623 (2001 - $849,395) was recorded, of which $886,436 (2001 - $709,156) was estimated using a system that incorporates average costs and time frames for similar cases over the last two years. The estimate will vary from the eventual billings from private solicitors due to the specific requirements of each case.

7. Deferred contribution - special cases

Special case funding is received from the Province of Nova Scotia and is restricted solely for expenditures incurred in the process of defending clients. Amounts not used for current expenditures are deferred to be applied against future cases. Any funding not committed at the conclusion of the cases must be returned to the Province of Nova Scotia.

8. Early retirement incentive program

The Commission participated in an Early Retirement Incentive Program offered by the Province of Nova Scotia to crown agencies. A liability in the amount of $191.279 was accrued as of March 31, 2001.

Effective April 1, 2001 the responsibility for this liability was assumed by the Province of Nova Scotia and the elimination recorded as an unusual item.

9. Long service awards

Employees of the Commission are entitled to long service awards upon retirement. The awards are based on the number of years of service of the employee, and are earned at the rate of one week's pay for every year of service, to a maximum of twenty-six weeks.

In 2002, the Commission engaged an outside consultant to estimate the liability relating to the awards. Based on the estimate of the present value of obligation respecting long service awards at March 31, 2002, the long service award trust funds of $1,425,108 (2001 - $1,163,900) are sufficient to fund the liability.

10. Deferred contributions - capital assets

In the 1999 fiscal year the Province of Nova Scotia contributed $353,000 to the Commission to offset anticipated costs of upgrading the Commission's computer systems. A further $400,000 was contributed in the 2001 fiscal year. The changes in the deferred contributions balance for the period are as follows:

	2002	2001
Balance, beginning of year	$ 662,802	$ 292,936
Plus: contributions received	—	400,000
Less: amounts amortized to revenue	(113,622)	(30,134)
Balance, end of year	$ 549,180	$ 662,802

11. Reserve for future case completion

During the 2002 fiscal year, the Commission decided to appropriate an amount from unrestricted net assets that approximates management's best estimate of the remaining cost to complete the cases that are in progress as at March 31, 2002.

12. Commitments and contingencies

a. The Commission has entered into lease agreements for eleven of its offices. The remaining two offices do not have formal lease agreements. Lease agreements typically call for payment of a base rent plus a provision for the Commission's portion of operating costs and property taxes. Lease terms vary by office.

Minimum lease payments for the next five years, not including operating costs and taxes, are as follows:

2003	$ 538,912
2004	$ 545,976
2005	$ 545,976
2006	$ 435,315
2007	$ 257,034

b. The Commission provides funding to Dalhousie Legal Aid Services. The Commission has agreed to provide a grant of $69,000 to Dalhousie Legal Aid Services for the year ending March 31, 2003.

c. The Commission has been named a defendant in two actions. As of the audit report date, the outsome of these claims is not determinable, and accordingly, no provision has been made for them in the financial statements.

13. Client Trust Funds

On March 31, 2002, $12,902 (2001 - $71,189) was held in trust for clients. These trust funds are accounted for separately and are not reflected in the financial statements.

14. Supplement cash flow information

	2002	2001
Change in non cash operating working capital:		
Receivables	$ (41,845)	$ (220,907)
Prepaids	7,443	8,097
Payables and accruals	480,422	21,706
	$ 446,020	$ (191,104)
Cash and cash equivalents consist of:		
Cash on hand and balances with banks	$ (321,939)	$ 1,086,062
Interest paid	$ 697	$ 2,980

15. Pensions

Pursuant to Section 7 of the Legal Aid Act, all permanent employees of the Commission are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability with respect to the superannuation fund.

16. Unusual items

	2002	2001
Recovery of HST	$ 35,850	$ —
Elimination of Early Retirement Incentive Plan liability (Note 8)	191,279	—
	$ 227,129	$ —

17. Comparative figures

Certain of the comparative figures for 2001 have been reclassified to conform with the financial statement presentation adopted for 2002.

NOVA SCOTIA LEGAL AID COMMISSION

Schedule of Expenses
Year Ended March 31, 2002

	2002		2001
	Budget	Actual	Actual
Amortization	$ —	$ 138,902	$ 56,670
Capital lease interest	—	697	2,980
Directors' fees	45,000	21,378	40,194
Equipment and maintenance			
Leasehold improvements	26,400	5,168	7,623
Office furniture and equipment	41,000	21,254	29,455
Office machine leasing	48,000	34,057	25,326
Office machine maintenance	41,700	20,228	22,901
	157,100	80,707	85,305
Library	150,000	160,907	146,950
Membership, meetings and conferences			
Membership and dues	140,000	124,223	131,270
Meetings and conferences	60,000	77,868	45,702
	200,000	202,091	176,972
Office disbursements			
Civil and family	100,000	91,798	90,450
Criminal	100,000	155,595	81,102
Young Offender	22,000	6,364	19,525
	222,000	253,757	191,077
Private solicitors' fees			
Civil and family - conflicts	907,515	1,052,746	911,624
Criminal - choice of counsel	170,000	86,082	(1,925)
Criminal - conflicts	486,786	780,412	606,037
Young offender - choice of counsel	—	8,995	1,146
Young offender - conflicts	145,899	168,209	147,473
	1,710,200	2,096,444	1,664,355
Professional and other fees			
Professional fees	204,200	166,121	126,401
Consultant fees	—	21,701	—
	204,200	187,822	126,401
Salaries and benefits	7,876,000	8,758,048	7,361,831
Supplies and services			
General cleaning and office expense	59,500	65,915	70,854
Heat, light and water	27,000	22,569	25,223
Miscellaneous	1,000	2,594	184
Printing and stationery	80,000	97,239	95,505
Rent, insurance and taxes	605,000	584,184	525,838
Telephone and postage	245,000	191,954	191,409
	1,017,500	964,455	909,013
Travel	285,000	128,103	268,999
	$ 11,867,000	$ 12,993,311	$ 11,030,747

AUDITORS' REPORT

To the Honourable Minister
in Charge of Administration
Liquor Control Act
Province of Nova Scotia
Halifax, Nova Scotia

We have audited the balance sheet of The Nova Scotia Liquor Corporation (formerly The Nova Scotia Liquor Commission) as at March 31, 2002 and the statements of earnings and deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Nova Scotia Liquor Corporation as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
June 7, 2002

THE NOVA SCOTIA LIQUOR CORPORATION
(FORMERLY THE NOVA SCOTIA LIQUOR COMMISSION)

Balance Sheet
March 31, 2002, with comparative figures for 2001

ASSETS

	2002	2001 (As restated note 2)
	(in thousands)	
Current assets:		
Cash	$ 10,733	$ 8,576
Accounts receivable	2,457	3,117
Inventories of stock in warehouse and stores	19,516	16,804
Prepaid expenses	53	245
	32,759	28,742
Property and equipment:		
Furniture, fixtures and portable equipment	6,259	6,131
Other equipment	7,139	7,125
Computers	6,295	5,953
Land and buildings	12,330	12,607
Capital and leasehold improvements	24,719	23,025
	56,742	54,841
Less accumulated depreciation and amortization	44,239	42,145
	12,503	12,696
Assets under capital lease	10,831	10,831
Less accumulated amortization	8,888	8,356
	1,943	2,475
	$ 47,205	$ 43,913

LIABILITIES AND DEFICIENCY

	2002	2001
Current liabilities:		
Accounts payable and accrued liabilities	$ 19,332	$ 18,533
Current portion of obligations under capital leases (note 3)	423	368
	19,755	18,901
Due to Minister of Finance	6,408	16,852
Obligation under capital lease (note 3)	7,737	8,160
Employee future benefit obligations (note 4)	13,305	12,702
Deficiency	—	(12,702)
	$ 47,205	$ 43,913

Operating Leases (Note 5)

See accompanying notes to financial statements.

THE NOVA SCOTIA LIQUOR CORPORATION
(FORMERLY THE NOVA SCOTIA LIQUOR COMMISSION)

Statement of Earnings and Deficiency
Year ended March 31, 2002, with comparative figures for 2001

	2002 (in thousands)	% of Sales	2001	% of Sales (As restated note 2)
Net sales	$ 391,427	100.0	$ 372,295	100.0
Cost of goods sold	197,563	50.5	187,120	50.3
	193,864	49.5	185,175	49.7
Stores' operating expenses	34,737	8.9	33,321	8.9
Income, store operations	159,127	40.6	151,854	40.8
Depreciation and amortization	3,432	0.9	3,678	1.0
Warehousing and distribution expenses	4,217	1.1	3,980	1.1
Administrative expenses (note 6)	8,609	2.2	8,482	2.2
Other revenue	(3,695)	(1.0)	(3,889)	(1.0)
Other expenses	2,650	0.7	2,414	0.6
	15,213	3.9	14,665	3.9
Earnings before unusual item	143,914	36.7	137,189	36.9
Early retirement program	56	0.0	660	0.2
Earnings from operations	143,858	36.7	136,529	36.7
Deficiency, beginning of year:				
As previously reported	—		—	
Change in accounting policy (note 2)	(12,702)		(12,048)	
As restated	(12,702)		(12,048)	
Distributions made or to be made	(131,156)		(137,183)	
Deficiency, end of year	$ —		$ (12,702)	

See accompanying notes to financial statements.

THE NOVA SCOTIA LIQUOR CORPORATION
(FORMERLY THE NOVA SCOTIA LIQUOR COMMISSION)

Statement of Cash Flows
Year ended March 31, 2002, with comparative figures for 2001

	2002	2001 (As restated note 2)
	(in thousands)	
Cash provided by (used in):		
Operations:		
Earnings from operations	$ 143,858	$ 136,529
Items not involving cash:		
Depreciation and amortization	3,432	3,678
Loss on sale of property and equipment	3	—
Increase in employee future benefit obligations	603	654
Change in non-cash operating working capital	(1,061)	3,912
	146,835	144,773
Financing:		
Principal payments on obligations under capital lease	(368)	(320)
Investments:		
Additions to property and equipment	(2,719)	(2,377)
Proceeds on disposal of property and equipment	9	—
	(2,710)	(2,377)
Other:		
Remittances to Minister of Finance	(141,600)	(135,501)
Increase in cash	2,157	6,575
Cash, beginning of year	8,576	2,001
Cash, end of year	$ 10,733	$ 8,576

See accompanying notes to financial statements.

Notes to Financial Statements
Year ended March 31, 2002

The Nova Scotia Liquor Corporation administers the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989, and is a government business enterprise as defined by Public Sector Accounting Board recommendations. The Corporation was created June 1, 2001, by Chapter 4 of the Government Restructuring (2001) Act, via continuance of the Nova Scotia Liquor Commission as a body corporate.

1. Significant accounting policies:

(a) Inventories:

Inventories of stock in warehouse and stores are valued at the lower of cost and net realizable value. Customs and excise tax have not been included where payment is due upon shipment from bonded warehouse.

(b) Property and equipment:

Property and equipment are stated at cost. Depreciation and amortization are provided on the straight-line basis at the following annual rates:

Asset	**Rate**
Furniture, fixtures, portable equipment, other equipment and capital and leasehold improvements	10%
Computers - stand-alone	33%
Computers - integrated systems	20%
Land and buildings	5%

In the year of addition, depreciation is charged at the full annual rate.

Land costs which normally would not be depreciated are depreciated due to the retention of proceeds by the Province of Nova Scotia.

(c) Assets under capital lease:

Assets under capital lease are amortized over their estimated useful lives using the straight-line method.

(d) Employee future benefits:

The Corporation has a defined benefit retirement award plan covering substantially all of its permanent employees. The benefits are based on years of service and the employee's compensation during the final year of employement. The cost of this program is being funded currently.

The Corporation also pays a portion of the cost of health care plans for substantially all retirees or surviving spouses of retirees. The Corporation measures the costs of its obligation based on its best estimate. The cost of this program is being funded currently.

Permanent employees are members of the Nova Scotia Public Service Superannuation Plan.

The Corporation accrues its obligations under employee benefit plans as the employees render the services necessary to earn the mployee future benefits. The Corporation has adopted the following policies:

- The cost of pension benefits is the responsibility of the Province of Nova Scotia. The pension related assets and liabilities are accounted for in the Public Accounts of Nova Scotia. Accordingly no provision is included in the Corporation's financial statements for pension related amounts;
- The cost of other retirement benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected salary escalation, retirement ages and expected health care costs; and
- The excess of the net actuarial gain or loss over 10% of the benefit obligation is amortized over the average remaining service period of active employees, which is 14 years (2001 - 15 years).

2. Change in accounting policy:

Effective for fiscal years beginning on or after January 1, 2000, the CICA revised its existing standard for pensions and developed new accounting standards for employee benefits other than pensions. During 2002 the Corporation has adopted the revised standards for its two defined benefit plans. The changes have been applied retroactively and have increased the deficiency at March 31, 2001 as previously reported by $12,702. The change in accounting for employee future benefits has had the effect of increasing other expense by $603 in 2002 (2001 - $654).

3. Obligation under capital lease:

The Nova Scotia Liquor Corporation has an obligation under a capital lease, which matures in 2012. The obligation represents the total present value of future minimum lease payments discounted at the rate implicit in the lease which is 13.8%. The following is a schedule by years of future minimum lease payments together with the balance of the obligation under capital lease as of March 31, 2002:

2003	$	1,536
2004		1,537
2005		1,536
2006		1,537
2007		1,536
2008-2012		7,298
Total minimum lease payments		14,980
Less amount representing interest		6,820
Balance of obligation		8,160
Less current portion of obligation under capital lease		423
	$	7,737

4. **Employee future benefits:**

The Corporation has two defined benefit plans as described in note 1 (d).

Information about the Corporation's defined benefit plans, in aggregate, is as follows:

	2002	2001
Accrued benefit obligation:		
Balance, beginning of year	$ 11,852	$ 12,048
Current service cost	492	504
Interest cost	838	786
Benefits paid	(727)	(636)
Actuarial gains	—	(850)
Balance, end of year, and funded status - deficit	12,455	11,852
Unamortized net actuarial gain	850	850
Accrued benefit liability	$ 13,305	$ 12,702

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations are as follows:

	2002	2001
Discount rate	7.05%	6.56%
Rate of compensation increase	4.50%	4.50%

The assumed health care cost trend rate at December 31, 2001 was 12%, decreasing at 1% per annum to an ultimate rate of 5.0% per annum.

The Corporation's net benefit plan expense is as follows:

	2002	2001
Current service cost	$ 492	$ 504
Interest cost	838	786
Net benefit plan expense	$ 1,330	$ 1,290

5. **Operating leases:**

The Corporation leases buildings, premises and equipment under operating leases which expire at various dates between 2002 and 2011. Some of these operating leases contain renewal options at the end of the initial lease term.

The following is an approximate schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 2002:

2003	$ 2,779
2004	2,412
2005	1,900
2006	1,249
2007	862
2008-2011	1,561
Total minimum payments required	$ 10,763

6. **Administrative expenses:**

Administrative expenses also include the following:

	2002	2001
	(in thousands)	
Interest on obligation under capital lease	$ 1,168	$ 1,216

7. **Comparative figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of Nova Scotia Municipal Finance Corporation as at March 31, 2002 and the statements of revenue, expenditure and reserve fund and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
May 8, 2002

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Balance Sheet
March 31, 2002 with comparative figures for 2001

	2002	2001
ASSETS		
Current assets:		
Cash	$ 59,386	$ 41,649
Short-term investments, at cost (market - $4,485,000; 2001 - $4,959,659)	4,485,000	4,959,659
Accrued interest receivable	11,193,335	12,024,608
Other receivables	2,271	1,655
Principal due within one year on loans to units	94,534,811	68,328,704
	110,274,803	85,356,275
Long-term assets:		
Loans to units (note 3)	481,799,110	500,206,012
Less principal included in current assets	94,534,811	68,328,704
	387,264,299	431,877,308
Investments, at cost (market - $540,096; 2001 - $756,187)	586,711	773,549
	387,851,010	432,650,857
Deferred charges:		
Discount on debenture debt	2,600,982	2,532,143
Less accumulated amortization	1,643,729	1,507,223
	957,253	1,024,920
	$ 499,083,066	$ 519,032,052
Trust fund assets (note 4)	$ 23,715,763	$ 20,094,782
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 66,105	$ 36,844
Accrued interest payable	11,180,577	12,014,170
Principal due within one year on debenture debt	95,335,750	69,064,750
	106,582,432	81,115,764
Accrued public service awards (note 9)	24,773	—
Long-term debt:		
Debentures payable (note 5)	482,172,500	501,313,250
Less principal included in current liabilities	95,335,750	69,064,750
	386,836,750	432,248,500
Deferred credits:		
Discount on loans to units	2,591,283	2,523,323
Less accumulated amortization	1,635,701	1,513,830
	955,582	1,009,493
Equity:		
Reserve fund	4,683,529	4,658,295
	$ 499,083,066	$ 519,032,052
Trust funds under administration (note 4)	$ 23,715,763	$ 20,094,782

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Revenue, Expenditure and Reserve Fund
Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Revenue:		
Interest on loans to units	$ 33,320,142	$ 40,860,550
Amortization of discount on loans to units	237,849	223,660
Interest on short-term investments	247,408	410,616
Current discount on loans to units	315,032	328,080
	34,120,431	41,822,906
Expenditure:		
Interest on debenture debt and short-term loans	33,372,259	41,015,750
Amortization of discount on debenture debt	251,604	228,703
Debenture issue expenses	198,942	197,150
Administrative expenses (note 6)	272,392	227,178
	34,095,197	41,668,781
Net revenue	25,234	154,125
Reserve Fund, beginning of year	4,658,295	4,504,170
Reserve Fund, end of year	$ 4,683,529	$ 4,658,295

See accompanying notes to financial statements.

NOVA SCOTIA MUNICIPAL FINANCE CORPORATION

Statement of Cash Flows
Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Cash provided by (used in):		
Operations:		
Net revenue	$ 25,234	$ 154,125
Add (deduct) items not involving cash:		
Amortization of discount on loans to units	(237,849)	(223,660)
Amortization of discount on debenture debt	251,604	228,703
Amortization of discount on investments	(45,124)	(23,440)
Change in non-cash working capital (note 8)	26,325	(12,861)
Increase in accrued public service awards	24,773	---
	44,963	122,867
Investments:		
Issue of loans of $49,921,802 to units on security of debentures, net of discounts of $183,938 (2001 - $52,411,252 net of discounts of $123,097)	(49,737,864)	(52,288,155)
Principal received on loans to units	68,328,704	164,707,481
Principal received on maturing investments	231,963	6,925,000
Purchase of investments of nil (2001 - $840,814), net of discounts of nil (2001 - $84,626)	---	(756,188)
	18,822,803	118,588,138
Financing:		
Issue of debentures of $49,924,000, net of discounts of $183,938 (2001 - 52,413,000 net of discounts of $123,107)	49,740,062	52,289,893
Principal payment on debenture debt	(69,064,750)	(168,042,750)
	(19,324,688)	(115,752,857)
Increase (decrease) in cash position	(456,922)	2,958,148
Cash position, beginning of year	5,001,308	2,043,160
Cash position, end of year	$ 4,544,386	$ 5,001,308

Cash position is defined as cash and short-term investments.

See accompanying notes to financial statements.

The corporation was created by the Municipal Corporation Act which was proclaimed on July 31, 1979. The corporation began operations on January 1, 1980 and has a March 31 fiscal year-end. The object of the corporation is to provide financing of approved capital projects for municipalities, municipal enterprises, including district school boards, and hospitals through a central borrowing authority.

1. Summary of significant accounting policies:

(a) Discounts on debenture debt and loans to units are being amortized over the life of the debentures payable and the loans receivable to which they relate, using the debentures outstanding method.

(b) The Reserve Fund was created from interest earnings on funds which had been advanced by the Province of Nova Scotia and have since been repaid and interest on other surplus monies available from time to time, as well as from discounts on loans to units. The purpose of the Reserve Fund is to provide a capital base for the corporation, as well as to provide for funds which may be required for administrative purposes and timing differences.

2. Fair values of financial instruments:

Financial assets and financial liabilities:

The fair values of cash, accrued interest receivable, other receivables, accounts payable, accrued interest payable and principal due within one year on loans to units and debenture debt are assumed to approximate their carrying amounts because of their short-term to maturity. The fair values of investments are assumed to approximate quoted market values as disclosed in the financial statements.

The fair values of the corporation's loans to units and debentures payable fluctuate with changes in current lending rates. The corporation's mandated rate of interest charged on loans to units is directly correlated to its cost of borrowing, thereby providing a hedge against equity erosion. As at March 31, 2002, the corporation's debenture debt was hedged by offsetting loans to units with the exception of $373,390 which was hedged by promissory notes. The fair market value of the promissory notes was $608,851, while the fair market value of the debentures in excess of the loans to units was $379,659. As the corporation normally holds the debentures to maturity, book values of the investments and debentures have not been adjusted to reflect the differences.

Trust fund assets managed by the corporation are completely offset by trust fund liabilities providing a hedge against fair value changes.

3. **Loans to units:**

(a) Loans to units are made on the security of their debentures, due in annual instalments for periods up to a maximum of twenty years. Interest rates on the loans range from 1.00% to 12.5%. Due to an existing provision for the recovery of any defaults by units, an allowance for doubtful accounts is not required.

(b) Principal payments receivable in each of the next five years are as follows:

2003	94,534,811
2004	55,368,094
2005	55,564,653
2006	55,172,357
2007	52,641,569

4. **Trust funds under administration:**

Trust fund assets totalling $23,715,763 (2001 - $20,094,782) are held on behalf of certain provincial debt issued for school and hospital construction financed through debenture Series "AC". These funds represent sinking funds which are held by the corporation to be applied to the repayment of outstanding debenture debt Series "AC" at maturity.

5. **Debentures payable:**

(a) The debenture debt outstanding at March 31, 2002 totalling $482,172,500 (2001 -$501,313,250) is in Canadian funds and is fully guaranteed by the Province of Nova Scotia except for Series AT which is a private placement.

Series	Date Issued	Maturity Date	Interest Rate		Debt Outstanding
N	Apr. 28/85	2002 to 2005	12.375-12.500	$	2,520,000
AC	May 13/92	2002	9.875		30,825,000
AD	Dec. 9/92	2002	8.500		8,280,000
AE	May 5/93	2002 to 2003	8.500		6,400,000
AF	Nov. 18/93	2002 to 2003	7.500-7.625		5,030,000
AG	July 13/94	2002 to 2004	9.250		7,000,000
AH	Dec. 8/94	2002 to 2004	9.5-9.750		11,610,000
AI *	May 2/95	2002 to 2005	8.875-9.125		9,255,000
AJ	Nov. 14/95	2002 to 2005	7.875-8.125		15,750,000
AK *	May 14/96	2002 to 2006	7.250-8.000		25,263,000
AL	Oct. 28/96	2002 to 2006	6.750-7.500		12,451,000
AM *	May 12/97	2002 to 2007	6.500-7.000		38,294,000
AN *	Oct. 17/97	2002 to 2007	5.500-6.250		28,854,000
AP *	Jan. 30/98	2003 to 2019	5.500-6.125		40,485,000
AQ	May 15/98	2002 to 2008	5.125-5.500		29,197,000
AR *	Dec.1/98	2002 to 2008	5.250-5.625		42,957,000
AS *	May 17/99	2002 to 2009	5.000-5.375		32,660,000
AT	May 28/99	2002 to 2015	1.000		2,362,500
AU *	Dec 22/99	2002 to 2009	6.375-6.750		35,704,000
AV *	June 1/00	2002 to 2010	6.500-6.875		23,960,000
AW *	Nov. 9/00	2002 to 2010	5.875-6.375		23,391,000
AX *	May 29/01	2002 to 2011	4.375-6.250		30,559,000
AY *	Nov. 7/01	2002 to 2011	3.125-6.000		19,365,000
				$	482,172,500

* Placed directly with the Province of Nova Scotia
Interest is payable semi-annually, except Series AT which is payable annually.

(b) Principal payments due in each of the next five years are as follows:

2003	$	95,335,750
2004		55,277,750
2005		55,519,750
2006		55,135,750
2007		52,369,750

6. Administrative expenses:

	2002		2001
	Budget	Actual	Actual
Salaries and benefits	$ 198,148	$ 208,148	$ 190,267
Travel	4,500	3,447	3,062
Equipment and maintenance	4,550	5,153	3,596
Printing	2,800	1,120	2,161
Postage	2,000	1,161	1,441
Telecommunications	5,200	2,932	3,993
Stationery and supplies	5,000	2,742	2,104
Professional services	21,000	21,255	3,655
Bank charges	4,000	2,703	5,603
Directors' fees and expenses	5,600	4,673	3,727
Professional development	6,925	5,525	5,692
Dues and subscriptions	1,365	1,425	1,089
Insurance	745	604	350
Other	500	504	438
Office rent	11,000	11,000	—
	$ 273,333	$ 272,392	$ 227,178

7. Taxes:

The corporation is not subject to provincial or federal taxes.

8. Supplementary cash information:

(a) Change in non-cash working capital:

	2002	2001
Accrued interest receivable	$ 831,273	$ 4,414,644
Other receivables	(616)	5,678
Accounts payable	29,261	2,232
Accrued interest payable	(833,593)	(4,435,415)
	$ 26,325	$ (12,861)

(b) During the year, cash received for interst income was $34,353,699 (2001 - $45,662,369) and cash paid for interest was $34,205,851 (2001 - $45,451,166).

9. Public service awards:

As at March 31, 2002, the corporation has recorded a liability in the amount of $24,773 in respect of a provincial public service award for one employee who is retiring in fiscal 2004. The corporation will fund the public service awards of its other two employees through future budgets. An actuarial valuation has been requested by the corporation, but has not been received as of the date of these financial statements. The corporation will use the actuarial valuation to record future provisions to cover the expected future liability associated with the provincial public service awards.

AUDITORS' REPORT

To the Chair and Members of the
Nova Scotia Police Commission

We have audited the balance sheet of the Nova Scotia Police Commission as at March 31, 2002 and the statements of operations and surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
June 18, 2002

NOVA SCOTIA POLICE COMMISSION

Statements of Operations and Surplus
Year Ended March 31, 2002

	2002	2001
Revenue		
Grant from the Province of Nova Scotia	$ 293,000	$ 250,241
Recovery of inquiry expenses (Note 6)	39,045	—
Interest and other revenue	1,820	1,618
	333,865	251,859
Expenses		
Commission		
Salaries, wages and benefits	156,588	138,788
Investigation services	46,203	22,579
Rent	26,895	—
Travel	21,576	18,953
Office supplies and services	8,006	8,349
Audit and legal	2,811	2,300
Telephone	2,398	2,307
Printing and copying	2,237	963
Dues and fees	1,901	1,325
Depreciation	1,410	4,680
Other expenses	1,300	88
Equipment	881	2,171
Repairs and maintenance	584	519
Transcription	422	154
	273,212	203,176
Review Board		
Salaries, wages and benefits	42,900	42,600
Travel	16,087	8,488
	58,987	51,088
	332,199	254,264
Operating surplus (deficit)	$ 1,666	$ (2,405)

	2002	2001
Surplus, beginning of year	$ —	$ —
Operating surplus (deficit)	1,666	(2,405)
Transfer from (to) investment in capital assets for		
Depreciation	1,410	4,680
Capital asset acquisitions	(3,076)	(2,275)
	(1,666)	2,405
Surplus, end of year	$ —	$ —

See accompanying notes to the financial statements

NOVA SCOTIA POLICE COMMISSION

Balance Sheet
March 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ 2,729	$ 16,747
Accounts receivable	5,163	9,656
Due from the Province of Nova Scotia	8,708	—
	16,600	26,403
Capital assets	3,119	1,453
	$ 19,719	$ 27,856
LIABILITIES		
Current		
Payables and accruals	$ 16,600	$ 11,439
Due to the Province of Nova Scotia	—	14,964
	16,600	26,403
SURPLUS		
Investment in capital assets (Note 3)	3,119	1,453
	$ 19,719	$ 27,856

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Statement of Capital Assets
Year Ended March 31, 2002

	Cost			Acummulated Depreciation			2002 Net Book	2001 Net Book
	Opening	Additons	Closing	Opening	Expense	Closing	Value	Value
Computer equipment	$ 15,236	$ 3,076	$ 18,312	$ 14,404	$ 1,099	$ 15,503	$ 2,809	$ 832
Equipment	5,917	—	5,917	5,296	311	5,607	310	621
	$ 21,153	$ 3,076	$ 24,229	$ 19,700	$ 1,410	$ 21,110	$ 3,119	$ 1,453

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Statement of Cash Flows
Year Ended March 31, 2002

	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Operating surplus (deficit)	$ 1,666	$ (2,405)
Depreciation	1,410	4,680
	3,076	2,275
Change in non-cash operating working capital (Note 5)	(14,018)	17,874
	(10,942)	20,149
Investing		
Purchase of capital assets	(3,076)	(2,275)
Decrease (increase) in cash and cash equivalents	(14,018)	17,874
Cash and cash equivalents (net of bank indebtedness)		
Beginning of year	16,747	(1,127)
End of year	$ 2,729	$ 16,747

See accompanying notes to the financial statements.

NOVA SCOTIA POLICE COMMISSION

Notes to the Financial Statements
March 31, 2002

1. Incorporation

The Nova Scotia Police Commission was incorporated pursuant to the Police Act of Nova Scotia, Chapter 348 of the Revised Statutes of Nova Scotia, 1989.

2. Summary of significant accounting policies

a) General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector.

b) Capital assets

Capital assets purchased by the Commission with a value greater than $1,000 and a useful life greater than one year will be capitalized and amortized over their useful lives on a straight line basis as follows:

Computer equipment	3 years
Equipment	5 years

3. Investment in capital assets

		2002		2001
Balance, beginning of year	$	1,453	$	3,858
Capital asset acquisitions		3,076		2,275
Depreciation		(1,410)		(4,680)
Balance, end of year	$	3,119	$	1,453

4. Pensions

The full time employees of the Commission are entitled, as Civil Servants, to receive pension benefits under the Public Service Superannuation Act. The Plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Commission is not responsible for any unfunded liability.

5. Supplementary cash flow information

Change in non-cash operating working capital

		2002		2001
Accounts receivable	$	(4,215)	$	(2,532)
Payables and accruals		5,161		4,346
Due to Province of Nova Scotia		(14,964)		16,060
	$	(14,018)	$	17,874

6. Related party transactions

The Nova Scotia Police Commission is an independent agency of the Province of Nova Scotia. Funding for the Commission is provided from the Consolidated Fund of the Province through a public service vote. Any retained surplus of the commission is refundable to the Province.

Transactions with the Province by financial statement category are as follows:

	2002	2001
Grant from the Province of Nova Scotia. . . . . $	293,000 $	250,241
Accounts receivable.	5,087	5,830
Due (to) from the Province of Nova Scotia.	8,708	(14,964)
Surplus - Investment in capital assets.	3,119	1,453

To minimize cost to government while preserving the independence of the Commission, some administrative support is provided by another agency, the Nova Scotia Utility and Review Board (NSUARB). The NSUARB recovers all direct costs paid on behalf of the Commission.

Transactions with the NSUARB by financial statement category are as follows:

	2002	2001
Payables and accruals . . . . $	551 $	609
Rent expense	26,895	—

AUDITORS' REPORT

To the Board of Directors
Nova Scotia Power Finance Corporation

We have audited the statement of financial position of Nova Scotia Power Finance Corporation as at March 31, 2002 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Chartered Accountants

April 30, 2002

NOVA SCOTIA POWER FINANCE CORPORATION

(Formerly Nova Scotia Power Corporation - See Note 1)

Statement of Financial Position
as at March 31, 2002

NET ASSETS

	2002	2001 (in millions)
Notes receivable - Nova Scotia Power Inc. (Note 1)	$ —	$ —
Accrued interest due from Nova Scotia Power Inc.	—	—
	—	—
Less: Long-term debt (Note 1)	—	—
Accrued interest on long-term debt	—	—
	—	—
Net (Note 2)	$ —	$ —

Statement of Earnings and Retained Earnings
year ended March 31, 2002

	2002	2001 (in millions)
Revenue		
Interest on matching notes (Note 6)	$ —	$ —
Expenses		
Interest on long-term debt (Note 6)	—	—
Net earnings	—	—
Retained earnings, beginning of year	—	—
Retained earnings, end of year	$ —	$ —

1. REORGANIZATION AND PRIVATIZATION

In 1992, the Province of Nova Scotia passed legislation to facilitate the reorganization and privatization of the business of Nova Scotia Power Corporation (N.S.P.C.). In effecting this, pursuant to the Asset Transfer Agreement effective on August 10, 1992, N.S.P.C. transferred all of its existing assets, liabilities and equity except for long-term debt and related sinking funds to Nova Scotia Power Inc. (N.S.P.I.) in exchange for:

a) matching notes receivable equivalent to outstanding long-term debt, and matching notes payable equivalent to sinking fund assets; and

b) 20,134,666 fully paid common shares of N.S.P.I., issued to the Province of Nova Scotia, which were subsequently sold on August 12, 1992 by the Province of Nova Scotia as a secondary offering. Concurrently, the $13.3 million of contributed surplus of N.S.P.C. was transferred to the retained earnings of N.S.P.I.

Subsequent to the reorganization and privatization, the business activities of N.S.P.C. continued under N.S.P.I.. N.S.P.C. changed its name to Nova Scotia Power Finance Corporation (N.S.P.F.C.) which continues to hold the long-term debt and sinking fund assets.

Under the terms of the matching notes receivable, N.S.P.I. is responsible for the long-term debt of N.S.P.F.C.

2. ACCOUNTING POLICIES

Pursuant to changes in the reporting requirements for financial instruments, issued by the Canadian Institute of Chartered Accountants and effective for the years ended March 31, 1998, and thereafter, there is a requirement to net offsetting Notes Receivable and Long-Term Debt, and related interest, where there is a legally enforceable right to set off the recognized amounts and where the corporation's management does intend to realize on the asset and, simultaneously, settle the liability. Management concurs, that these conditions apply to Nova Scotia Power Finance Corporation and hence the assets, less offsetting liabilities, have been netted in the Statement of Financial Position.

3. DEFEASANCE ASSETS

The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other Provincial Government and Utilities, Federal Government and Federal US bonds, coupons or residuals. The portfolio mix as of March 31, 2002 is as follows, based upon future cash flows:

Security Type	% of Portfolio
Nova Scotia Power Corp.	68.74
Other Provincial Government and Utilities	29.77
Federal Government	1.45
Federal US Government	0.04
	100.00

The maturity schedule and market value of the defeasance assets, as reported by Royal Trust, as at March 31, 2002 is as follows:

Years of Maturity	Principal Amount	Market Value of Defeasance Assests
11-15	$ 350,000	$ 493,621
16-20	150,000	207,089
21-25	478,050	636,112
26-30	200,000	321,474

4. LONG-TERM DEBT

Bonds, debentures and notes payable are summarized by years of maturity in the following table:

Years of Maturity	Principal Outstanding Total	Weighted Average Coupon Rate %
March, 2002	$ —	—
March, 2003	—	—
March, 2004	—	—
March, 2005	—	—
11-15 years	350,000	11.09
16-20 years	150,000	10.25
21-25 years	478,050	9.40
26-30 years	200,000	11.00
Total long-term debt (Schedule 1)	$ 1,178,050	10.28

5. DEBT DEFEASANCE

On reorganization, N.S.P.I. and N.S.P.F.C. committed, subject to certain conditions, to effect defeasance of N.S.P.F.C. long-term debt through repayment to the matching notes to December 31, 1998 in order to fully remove the debt from its Statement of Financial Position by that date. Defeasance requires qualifying assets to be set aside by the debtor to be used solely for satisfying scheduled future payments of principal and interest of a specific obligation.

Under the terms of the Defeasance Agreement, subject to certain factors, minimum amounts of debt to be defeased are as follows:

December 31	Annual Amount (in millions)
1993	$ 200.0
1994	300.0
1995	400.0
1996	250.0
1997	231.6
	$ 1,381.60

As at March 31, 2002, $1,178.05 million, being all of the outstanding debt, had been defeased (2001 - $1,348.2 million) (Schedule 1).

6. GENERAL AND ADMINISTRATIVE EXPENSES

Under the terms of the privatization agreements, N.S.P.I. is responsible for the payment of all N.S.P.F.C. expenses. During the year, $30,851 of such expenses were incurred by N.S.P.F.C. and recovered from N.S.P.I.

Schedule 1

NOVA SCOTIA POWER FINANCE CORPORATION

LONG TERM DEBT
as at March 31, 2002

Series	Date of Maturity	Call Date	Rate	Amount Outstanding	Defeasance To Date	Net Undefeased Balance
Debentures						
"AH"	November 15, 2012	November 15, 2012	10.875%	150,000,000	150,000,000	—
"AJ"	April 27, 2014	April 27, 2014	11.25%	200,000,000	200,000,000	—
"AK"	January 10, 2020	January 10, 2020	10.25%	150,000,000	150,000,000	—
"AM"	February 26, 2031	February 26, 2031	11.00%	200,000,000	200,000,000	—
"AN"	April 1, 2021 (U.S.) (1)	April 1, 2021	9.4%	478,050,000	478,050,000	—
Total long-term debt				$ 1,178,050,000	$ 1,178,050,000	$ —

(1) Amounts payable in foreign currencies and those sinking fund investments denominated in foreign currencies are expressed at the Canadian dollar equivalent at the rates prevailing at the date of the financial statements($300,000,000 US$ converted @ 1.5935 as of March 31, 2002).

NOVA SCOTIA POWER FINANCE CORPORATION

Continuity of Long-Term Debt
August 10, 1992 to March 31,2002

Long-term debt, August 10, 1992 (Note 1)	$ 2,152,879,732
Less: Sinking funds, August 10, 1992	(420,560,964)
Net long-term debt, August 10, 1992	1,732,318,768

Less: Retired, funded or defeased:

	Debt Retirement	Sinking Fund Growth	Defeasance	
Period ended March 31, 1993	$ (1,371,458)	$ (57,498,429)	$ (130,872,250)	$ (189,742,137)
Year ended March 31, 1994	(238,449,609)	69,597,333	(373,507,887)	(542,360,163)
Year ended March 31, 1995	(65,543,679)	70,132,288	(354,775,338)	(350,186,729)
Year ended March 31, 1996	(184,588,286)	146,494,758	(574,804,525)	(612,898,053)
Year ended March 31, 1997	(113,072,800)	87,986,602	(6,330,000)	(31,416,198)
Year ended March 31, 1998	(99,873,900)	103,848,412	(9,690,000)	(5,715,488)
Year ended March 31, 1999	27,780,000	---	(27,780,000)	---
Year ended March 31, 2000	(16,710,000)	---	16,710,000	---
Year ended March 31, 2001	(112,830,000)	---	112,830,000	---
Sinking fund installments (NSPI)	---	---	---	---
Sinking fund earnings	---	---	---	---
Retirement of debentures	(175,000,000)	---	175,000,000	---
Transfer to defeasance	---	---	---	---
Retirement of savings bonds	---	---	---	---
Foreign currency translation	4,830,000	---	(4,830,000)	---
Year ended March 31, 2002	(170,170,000)	---	170,170,000	---
	$ (974,829,732)	$ 420,560,964	$ (1,178,050,000)	(1,732,318,768)

Net long-term debt, March 31, 2002	$ ---

Comprised of:

Long-term debt (Schedule 1)	$ 1,178,050,000
Less: Sinking funds	---
Defeasance assets	1,178,050,000
	$ ---

AUDITOR'S REPORT

To the Minister of Natural Resources; and

To the Chair and Members of the
Nova Scotia Primary Forest Products
Marketing Board

I have audited the balance sheet of the Nova Scotia Primary Forest Products Marketing Board as at March 31, 2002 and the statement of revenues, expenses and fund balance, and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and the changes in its financial position for the year than ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 27, 2002

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Balance Sheet
as at March 31, 2002

### ASSETS

	2002	2001
Current		
Cash	$ 200	$ 200
Due from processors	32,913	47,816
Due from Province of Nova Scotia	626,699	603,019
	$ 659,812	$ 651,035

LIABILITIES AND FUND BALANCE

	2002	2001
Current		
Accounts payable	$ 1,500	$ —
Due to bargaining agents	17,980	30,588
	19,480	30,588
Fund Balance	640,332	620,447
	$ 659,812	$ 651,035

Commitment (Note 4)

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Statement of Revenues, Expenses and Fund Balance
for the year ended March 31, 2002

	2002		2001
	Budget	Actual	Actual
Revenues			
Charges against suppliers (Note 1)		$ 521,684	$ 531,565
Less: Bargaining agents funding		336,291	341,052
Charges for funding of Board operations	$ 150,000	185,393	190,513
Interest on fund balance	32,000	30,347	42,003
Miscellaneous	—	4,600	—
	182,000	220,340	232,516
Expenses			
Board member per diems	28,000	31,700	30,350
Equipment and maintenance(Note 2)	1,000	7,407	137
Grants	100,000	12,803	15,339
Lease payments - equipment	1,500	1,779	1,415
Lease payments - office space	9,700	14,424	8,655
Legal fees	3,750	2,023	8,837
Other expenses (Note 2)	7,100	7,955	3,328
Salaries	82,000	79,713	79,507
Supplies and services	15,900	7,996	21,715
Travel	27,000	34,655	26,079
	275,950	200,455	195,362
(Deficiency) Excess of revenues over expenses	$ (93,950)	19,885	37,154
Fund balance, beginning of year		620,447	583,293
Fund balance, end of year		$ 640,332	$ 620,447

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA PRIMARY FOREST PRODUCTS MARKETING BOARD

Statement of Changes in Financial Position
for the year ended March 31, 2002

	2002	2001
Cash derived from operations		
Excess of revenues over expenses	$ 19,885	$ 37,154
Changes in non-cash operating working capital items		
Due from processors	14,903	(11,811)
Due from Province of Nova Scotia	(23,680)	(32,043)
Accounts payable	1,500	(3,816)
Due to bargaining agents	(12,608)	10,516
	(19,885)	(37,154)
Increase (decrease) in cash	—	—
Cash, beginning of year	200	200
Cash, end of year	$ 200	$ 200

Notes to Financial Statements
March 31, 2002

1. Authority

The Nova Scotia Primary Forest Products Marketing Board was established by the Primary Forest Products Marketing Act.

The objectives of the Board are: to provide for the organization and funding of bargaining agents, to provide for the registration of bargaining agents, to provide for the resolution of bargaining disputes, to facilitate and support the continued development of the forest resources held by private woodlot owners, and to enable private woodlot owners to have a fair share of the available market and receive a reasonable return for the sale of primary forest products.

The Board imposes separate charges against producers of primary forest products for the purpose of providing funding of bargaining agents, and for funding the operations of the Board.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. In common with many small, not-for-profit organizations, the Board charges furniture and equipment acquisitions and leasehold improvements to expenses in the year of purchase. The statement of revenues, expenses and fund balance includes $6,894 of furniture and equipment purchases recorded to equipment and maintenance (2001 - $137), as well as $4,859 of leasehold improvements recorded to other expenses (2001 - $nil).

3. Loan Receivable

The Board is owed $25,000 on a loan made to a wood lot owners organization. During the year ended March 31, 2000 the organization ceased operations and was unable to repay the balance owing on the loan. The loan was deemed uncollectible and a provision was made in the March 31, 2000 financial statements to recognize that the loan receivable has no value. Accordingly, it is no longer recorded on the Board's balance sheet. However, pursuant to the Provincial Finance Act, formal write-off of an amount owing to a government department or agency requires approval by Executive Council. This approval has not yet been received for the uncollectible loan.

4. Office Lease Commitment

The Board remits monthly payments of $1,758 to the Department of Transportation and Public Works for the rental of office space procured by the Department on the Board's behalf. The current lease expires November 30, 2004.

5. Pensions

All permanent employees of the Board are entitled to receive pension benefits under the Province of Nova Scotia Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer contributions are included in the Board's operating expenses.

AUDITORS' REPORT

To the Board of Trustees of the Nova Scotia Public Service Long Term Disability
Plan Trust Fund

We have audited the balance sheet of the Nova Scotia Public Service Long Term Disability Trust Fund as at December 31, 2001 and the statement of continuity of fund equity for the year then ended. These financial statements are the responsibility of the fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the fund as at December 31, 2001 and the continuity of the fund for the year then ended in accordance with Canadian generally accepted accounting principles.

LYLE TILLEY DAVIDSON
Chartered Accountants

Halifax, Nova Scotia
March 20, 2002

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Balance Sheet
as at December 31, 2001

		2001	2000
ASSETS			
CURRENT ASSETS			
Cash		$ 145,872	$ 246,920
Accounts receivable	- premiums	1,168,860	1,139,984
	- EI premium rebates	349,293	69,646
	- C.P.P. rebates	92,053	69,525
	- WCB repayments	129,984	28,423
Goods and Services Tax receivable		—	91,397
Investments (note 4)		26,358,332	29,890,762
		28,244,394	31,536,657
CAPITAL ASSETS (note 5)		26,694	8,441
		$ 28,271,088	$ 31,545,098
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	- Province of Nova Scotia	$ 1,464,824	$ 1,419,883
	- other	132,656	184,213
Deferred revenue		—	30,411
		1,597,480	1,634,507
FUND EQUITY			
FUND EQUITY		26,673,608	29,910,591
		$ 28,271,088	$ 31,545,098

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Statement of Continuity of Fund Equity
for the year ended December 31, 2001

	2001	2000 (9 months)
FUND INCREASES		
Premiums (note 6)	$ 10,320,876	$ 7,783,966
EI premium rebates	1,121,549	531,567
	11,442,425	8,315,533
FUND DECREASES		
Actuarial	97,429	44,266
Audit and accounting	22,928	18,714
Disability claims	12,814,660	9,064,949
- CPP recoveries	(318,874)	(278,654)
- Subrogation recoveries	(185,143)	(63,363)
- WCB recoveries	(162,236)	(28,423)
GST adjsutment	—	6,395
Investment custodian	32,516	24,655
Investment manager	61,276	55,238
Legal - subrogation	29,489	11,904
- other	21,376	2,225
Office and sundry (note 7)	363,015	138,893
Plan administration services	438,067	299,723
Rehabilitation program	261,651	191,618
	13,476,154	9,488,140
DECREASE IN FUND EQUITY BEFORE INVESTMENT LOSS DURING THE YEAR	(2,033,729)	(1,172,607)
INVESTMENT LOSS	(1,203,254)	(607,956)
DECREASE IN FUND EQUITY DURING THE YEAR	(3,236,983)	(1,780,563)
FUND EQUITY - BEGINNING OF YEAR	29,910,591	31,691,154
FUND EQUITY - END OF YEAR	$ 26,673,608	$ 29,910,591

NOVA SCOTIA PUBLIC SERVICE
LONG TERM DISABILITY PLAN TRUST FUND
Notes to Financial Statements
for the year ended Decenber 31, 2001

1. AUTHORITY AND ACTIVITIES

The fund was established to provide a long term disability plan for the employees of the Province of Nova Scotia and such other employee groups as approved by the trustees.

2. EFFECTIVE DATES

The plan was established by Order in Council dated September 26, 1985.

The trust was established by Agreement and Declaration of Trust dated December 23, 1985.

Claimants' benefits became effective May 1, 1985 for employees who, at that time, met prescribed eligibility requirements.

3. ACCOUNTING POLICIES

Financial instruments

The company's financial instruments consist of cash, accounts receivable, marketable securities and accounts payable. Unless otherwise noted, it is management's opinion that the fund is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Disability claims

Disability claims are recorded only for the qualifying disability periods to the date of the financial statements and no liabilities are recorded for future claim periods.

Marketable securities

Marketable securities are stated at market value.

Amortization of capital assets

The fund records amortization of the capital assets at the annual rate of 30% using the declining balance method. Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the fund's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates.

4. INVESTMENTS

Investments include marketable securities, accrued interest thereon and the custodian's account balance. The investments as at December 31, 2001 are recorded at market value of $26,358,332 (cost - $24,225,974) and at December 31, 2000 were recorded at market value of $29,890,762 (cost - $25,263,083).

5. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated amortization	Net	Net
Computer and office equipment	$ 44,437	$ 21,650	$ 22,787	$ 8,180
Software	4,596	689	3,907	261
	$ 49,033	$ 22,339	$ 26,694	$ 8,441

6. PREMIUMS

	2001	2000 (9 months)
Atlantic Provinces Special Education Authority Centres	$ 40,088	$ 31,110
Capital District Health Authority	2,156,999	1,464,723
Correctional officers	190,992	153,826
Department of Transportation	562,887	393,364
District Health Authority 3	64,083	45,634
District Health Authorities 4, 5 and 6	67,813	51,337
District Health Authorities 7 and 8	108,479	78,103
Nova Scotia Community College	443,897	—
Nova Scotia Government Employees Union	45,559	35,259
Nova Scotia Legal Aid	126,621	89,768
Nova Scotia Utility and Review Board	23,599	17,666
Other	24,617	15,084
Province of Nova Scotia Employees	6,465,242	5,408,092
	$ 10,320,876	$ 7,783,966

7. OFFICE AND SUNDRY

	2001	2000 (9 months)
Amortization	$ 6,415	1,580
Equipment rentals	2,202	1,810
Miscellaneous	38,913	26,325
Rent and taxes	47,483	11,641
Salaries and benefits	201,753	72,814
Supplies and postage	30,470	14,050
Telephone	6,087	3,461
Professional development	28,117	4,634
Vehicle allowance and travel	1,575	2,578
	$ 363,015	$ 138,893

8. ACTUARIAL VALUATION

The last actuarial valuation was completed as at March 31, 2001, which projected the present value of the fund liabilities for reported and estimated incurred but unreported claims to be $74,140,000. The actuarial value of the fund assets as at March 31, 2001 was $27,838,000, leaving an unfunded actuarial liability of $46,302,000.

9. PLAN CHANGES

After extensive consultations with the Board of Trustees, actuary, auditors and legal advisors, the Plan sponsors - the Public Service Commission and the Nova Scotia Government & General Employees Union - have decided on the following changes effective May 1, 2002:

1. The definition of disability, which affects the own occupation timeframe, will be changed from 30 months to 24 months.

2. Eligible criteria for continued disability coverage after 24 months and related to any occupation is reduced from 80% to 75% of the current rate of pay of the position held prior to disability.

3. Premiums will increase by 61% with employers and employees continuing to cost share on a 50/50 basis.

4. The cap on benefits has been raised, therefore, full premiums must be paid for employees earning up to $120,000 per year.

5. New LTD claimants will receive benefits equal to 65% (previously 70%) of their pre-disability salary, to a maximum of $3,000 bi-weekly.

6. Premium contributions and coverage will end 100 days prior to an employee reaching age 60, or accumulating 35 years of service, whichever comes first.

7. Indexing of benefits will be determined based on the financial viability of the Plan.

The last actuarial valuation was completed as at March 31, 2001, which projected unfunded actuarial liability of $46,302,000. The results of these adopted changes is expected to result in full funding of the LTD plan in 15 years.

AUDITOR'S REPORT

To the Members of the Legislative
Assembly of Nova Scotia, and

To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency of the Nova Scotia Public Service Superannuation Fund as at March 31, 2002 and the Statement of Change of Net Assets Available for Benefits for the period then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and deficiency of the Fund as at March 31, 2002 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

E. R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
September 27, 2002

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency as at March 31, 2002

	2002	2001
	(in thousands)	
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Investments (Note 3)	$ 2,923,397	$ 2,912,701
Contributions receivable		
Employees'	1,862	2,034
Employers'	2,039	2,162
Accrued income	23,923	22,369
Net investment transactions outstanding	11,800	—
Cash	560	680
Total Assets	2,963,581	2,939,946
Liabilities		
Net investment transactions outstanding	—	9,625
Accounts payable	16,540	16,570
Total liabilities	16,540	26,195
Net assets available for benefits	2,947,041	2,913,751
Actuarial asset value adjustment (Note 4)	955	1,000
Actuarial value of net assets available for benefits	$ 2,947,996	$ 2,914,751

ACCRUED PENSION BENEFITS AND DEFICIENCY		
Accrued pension benefits	$ 3,128,720	$ 2,970,060
Deficiency (Note 5)	(180,724)	(55,309)
Accrued pension benefits and deficiency	$ 2,947,996	$ 2,914,751

See accompanying notes to financial statements.

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

Statement of Changes in Net Assets Available for Benefits
for the year ended March 31, 2002

	2002	2001 (in thousands)
Increase (Decrease) in Assets		
Investment activities (Note 3)	$ 127,078	$ (90,835)
Contributions		
Employers'- matched	34,070	32,486
Employees' - matched	34,070	32,486
Employees' - unmatched	301	263
Interest on the purchase of prior years' service	1,391	1,697
Transfers from other pension plans	4,788	8,302
	74,620	75,234
Total increase(decrease) in assets	201,698	(15,601)
Decrease In Assets		
Benefits paid	143,061	135,667
Operating expenses (Note 6)	7,486	7,301
Refund of contributions and interest and transfers to other pension plans	17,861	16,831
Total decrease in assets	168,408	159,799
Increase (Decrease) in Net Assets	33,290	(175,400)
Net Assets Available for Benefits at Beginning of Year	2,913,751	3,089,151
Net Assets Available for Benefits at End of Year	$ 2,947,041	$ 2,913,751

See accompanying notes to financial statements.

NOVA SCOTIA PUBLIC SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
March 31, 2002

1. Authority and Description of Plan

The Public Service Superannuation Fund (the Fund) was established by the Public Service Superannuation Act (the Act). It is the funding vehicle for the Public Service Superannuation Plan (the Plan), a pension plan which covers employees of the Province and certain other public sector organizations. The detailed provisions of the Plan, including pension eligibility criteria and benefit formulas are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 5.4% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 7% of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay and deferred pensions are increased on January 1 of each year at a rate equal to the increase in the Consumer Price Index for Canada to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- age 50 with an age plus pensionable service factor of 80 - "Rule of 80" (active members only; legislative ammendments were enacted May 30, 2002 with retroactive application to January 1, 2002, applying this provision to deferred pensioners);
- age 55 with two years of service (reduced pension);
- age 55 with an age plus pensionable service factor of 85 -"Rule of 85" (deferred pensioners; see comment on "Rule of 80" above);
- age 60 with two years of service;
- age 65

Certain pension payments are attributable to previous early retirement programs and other unfunded benefits. They are charged to the Consolidated Fund of the Province and participating employers and are not paid from the Fund. These payments amounted to $15.8 million for the year ended March 31, 2002 (2001 - $15.5 million).

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on the going-concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. In the event there are insufficient funds within the Fund to make all payments required by the Act, the Province of Nova Scotia guarantees cash flow assistance. They are prepared in accordance with Canadian generally accepted accounting principles.

(b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the trade dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

(c) Investments

(i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

(ii) The derivative contracts held by the Fund at year end are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.

(iii) Investments include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of $44.2 million (1.5% of Total Assets) as at March 31, 2002 ($57.4 million (2.0% of Total Assets) as at March 31, 2001).

(d) Actuarial Value of Net Assets Available for Benefits

The fund values assets using a technique known as "Actuarial Smoothing", whereby the actuarial asset values are adjusted to reflect the portion of investment gains or losses (relative to actuarial assumptions) not yet recognized for purposes of determining the net assets available for benefits. The adjustment is based on the difference between the market value of assets and what the market value would have been if the fund had earned the assumed rate of return, and is amortized over the current year and the following two years. This adjustment is subject to the condition that the actuarial asset value will not be greater than the fair market value of investments.

3. Investments and Derivatives

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employers. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

(a) Market value of investments and related income before allocating the effect of derivative contracts.

	As at March 31, 2002 Asset	As at March 31, 2002 %	For the Year Income (Loss) *	As at March 31, 2001 Asset	As at March 31, 2001 %	For the Year Income (Loss) *
			(in thousands)			
Money market	$ 234,636	8.0%	$ 8,374	$ 307,874	10.6%	$ 18,863
Fixed income	1,057,207	36.2%	57,721	1,113,667	38.2%	96,284
Equities						
- Cdn	832,435	28.5%	73,045	767,651	26.4%	(76,223)
- US	544,789	18.6%	3,686	461,370	15.8%	(5,395)
- Other foreign	252,246	8.6%	(14,321)	276,684	9.5%	(105,044)
Derivatives	2,084	0.1%	(1,489)	(14,545)	(0.5%)	(19,355)
Other	—	—	62	—	—	35
	$ 2,923,397	100.0%	$ 127,078	$ 2,912,701	100.0%	$ (90,835)

* Includes realized losses of $25.4 million (gains of $320.3 million - 2001) and unrealized gains of $69.6 million (losses of $544.8 million - 2001).

(b) Derivative Contracts

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix.

The following provides details of the derivative money market-to-equity swap contracts outstanding as at March 31, 2002. Notional amounts of derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and market value of the contracts are determined. These contracts are denominated in Canadian dollars and are reset quarterly.

Notional Principal	**Original Term**	**Credit Rating of Counter-party**	**Equity Index** (in thousands)	**BA Index**	**Market Value**
$ 65,227	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	$ 1,262
65,043	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	(520)
43,467	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	840
16,919	1.0 yr	AA(low)	S&P/TSE60	CAD-BA-CDOR	502
$ 190,656					$ 2,084

(c) Market value of investments and related income after allocating the effects of derivative contracts.

	As at March 31, 2002 Asset	%	For the Year (Loss) Income * (in thousands)	As at March 31, 2001 Asset	%	For the Year (Loss) Income * (in thousands)
Money market . . .	$ 43,656	1.5%	$ 3,225	$ 121,612	4.2%	$ 5,537
Fixed income	1,057,207	36.2%	57,721	1,113,667	38.2%	96,284
Equities						
- Canadian	1,025,499	35.1%	76,705	939,368	32.3%	(82,252)
- US	544,789	18.6%	3,686	461,370	15.8%	(5,395)
- Other foreign	252,246	8.6%	(14,321)	276,684	9.5%	(105,044)
Other	—	—	62	—	—	35
	$ 2,923,397	100.0%	$ 127,078	$ 2,912,701	100.0%	$ (90,835)

* Includes realized losses of $25.4 million (gains of $320.3 million - 2001) and unrealized gains of $69.6 million (losses of $544.8 million - 2001).

(d) Interest rate risk

Interest rate risk refers to the fact that the Plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the plan's assets and cash flows related to the plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the Plan has established an asset mix policy of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At March 31, 2002 the $1,057.2 million fixed income securities had a modified duration of 5.3 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.3 %.

(e) Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

(f) Foreign currency risk

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rates or other economic fundamentals.

The Plan's foreign currency exposure is summarized in the following table.

Currency	**March 31, 2002**		**March 31, 2001**
		(in thousands)	
Canada	$ 2,143,363		$ 2,180,768
Eurozone	63,021		105,141
Japan	26,894		24,885
United Kingdom	40,101		41,611
United States	581,011		495,116
Other	93,490		88,229
Total	$ 2,947,880		$ 2,935,750

4. Actuarial Asset Value Adjustment

The actuarial asset value adjustment is comprised of the following:

	2002	**2001**
	(in thousands)	
Service Buy-back Receivable	$ 955	$ 1,000

a) Unamortized Investment Gains and Losses

The net assets available for benefits is subject to an actuarial asset value adjustment which moderates the effects of market volatility on investment value. The adjustment is based on the difference between the market value of assets and what the market value would have been if the fund had earned the assumed rate of return, and is amortized over the current year and the following two years. The actuarial asset value adjustment reflects the portion of investment gains or losses (relative to actuarial assumptions) not yet recognized for purposes of determining the net assets available for benefits. This adjustment is subject to the condition that the actuarial asset value will not be greater than the fair market value of investments.

Unamortized investment (gains) losses were fully amortized at March 31, 2001 as a result of losses from investment activities for the year ended March 31, 2001.

b) Service Buy-back Receivable

This receivable represents the present value of outstanding employee and employer contributions which are due as a result of service buy-backs.

5. Actuarial Valuation

Actuarial valuations of the Fund are carried out annually and provide an estimate of the accrued pension benefits (fund liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Morneau Sobeco performed a valuation as at December 31, 2001 and issued their report in June 2002. The report indicated that the Plan had an unfunded liability of $174.5 million (2000 - surplus $21.2 million). A projection to March 31, 2002, applying the same assumptions, indicated an unfunded liability of $180.7 million (March 31, 2001 - $55.3 million).

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the member's projected five year average salary at the expected date of retirement. The actuaries have used the unit credit method of determining the current cost and actuarial liability. The major economic and demographic assumptions used in the last valuation are as follows:

	Valuation December 31, 2001	**Valuation December 31, 2000**
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase	0.5% per annum real plus merit ranging from 0.0% to 2.5% based on 5 year age bands	0.5% per annum real plus merit ranging from 0.0% to 2.5% based on 5 year age bands
Real Rate of Return on Investment	4.25% per annum	4.25% per annum
Average Retirement Age	20% - age 55 or "Rule of 80" 80% - age 60 or 35 years service	20% - age 55 or "Rule of 80" 80% - age 60 or 35 years service
Mortality	1994 Group Annuity Mortality Table projected to 2000 using scale AA	1994 Group Annuity Mortality Table projected to 2000 using scale AA

6. Operating Expenses

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	2002	2001
	(in thousands)	
Plan Administration		
Professional services	$ 178	$ 155
Salaries	657	543
Supplies and services	538	493
Travel	7	6
Other	77	76
	$ 1,457	$ 1,273
Investment Expenses		
Investment management fees	$ 5,556	$ 5,591
Professional services	31	56
Salaries	311	307
Supplies and services	70	—
Travel	18	22
Other	43	52
	6,029	6,028
	$ 7,486	$ 7,301

7. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation for this year.

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the consolidated balance sheet of Nova Scotia Resources Limited as at December 31, 2001, and the consolidated statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
February 8, 2002

NOVA SCOTIA RESOURCES LIMITED

Consolidated Balance Sheet
December 31, 2001, with comparative figures for 2000

ASSETS

	2001	2000 (in thousands)
Oil and gas properties (note 2)	$ 5,332	$ 187,881
Cash and short-term investments	13,626	17,946
Receivables and other assets (note 3)	118	14,497
Income taxes receivable	882	—
Investment tax credits receivable	—	71
	$ 19,958	$ 220,395

LIABILITIES and SHAREHOLDER'S EQUITY (DEFICIENCY)

	2001	2000
Provision for site restoration (note 4)	$ 11,832	$ 12,864
Payables and accruals	1,908	11,311
Due to Province of Nova Scotia	4,855	3,410
	18,595	27,585
Shareholder's equity (deficiency):		
Capital stock:		
Authorized: 40,000 common shares without par value		
Issued and outstanding: 3 common shares	1	1
Contributed surplus (note 5)	401,442	796,400
Deficit	(400,080)	(603,591)
	1,363	192,810
	$ 19,958	$ 220,395

See accompanying notes to financial statements.

NOVA SCOTIA RESOURCES LIMITED

Consolidated Statement of Operations and Deficit
Year ended December 31, 2001, with comparative figures for 2000

	2001	2000 (in thousands)
Revenue:		
Oil and gas revenue	$ 68,057	$ 87,845
Royalties	171	25
	67,886	87,820
Government funding and sundry income (note 6)	1,955	6,147
	69,841	93,967
Expenses:		
Transportation	11,491	24,332
Production	6,065	11,006
General and administrative	1,007	2,074
Depreciation and depletion	10,118	13,792
	28,681	51,204
Earnings before financing cost, income taxes and other	41,160	42,763
Interest expense (income)	(811)	44,038
Foreign exchange loss (gain)	(890)	33,933
Litigation settlement (note 10)	—	5,429
Income taxes	—	879
Earnings (loss) before the undernoted	42,861	(41,516)
Gain on sale of oil and gas properties (note 2)	160,650	—
Net earnings (loss)	203,511	(41,516)
Deficit, beginning of year	(603,591)	(562,075)
Deficit, end of year	$ (400,080)	$ (603,591)

See accompanying notes to financial statements

NOVA SCOTIA RESOURCES LIMITED

Consolidated Statement of Cash Flows
year ended December 31, 2001, with comparative figures for 2000

	2001	2000 (in thousands)
Cash derived from (applied to):		
Operating:		
Net earnings (loss)	$ 203,511	$ (41,516)
Items not involving cash:		
Depreciation and depletion	10,118	13,792
Gain on sale of oil and gas properties	(160,650)	—
	52,979	(27,724)
Changes in non-cash operating working capital items:		
Receivables and other assets	14,373	(12,611)
Payables and accruals	(9,403)	3,023
Due to Province of Nova Scotia	1,445	3,410
Income tax credits receivable	71	4,565
Income tax receivable	(882)	—
	58,583	(29,337)
Financing:		
Decrease in commercial paper	—	(349,151)
Increase in short-term borrowings	—	431,718
Contributed surplus repaid to shareholder	(394,958)	—
	(394,958)	82,567
Investing:		
Expenditures on gas properties	(7,463)	(19,108)
Increase (decrease) in provision for site restoration	(1,071)	1,071
Recovery of expenditures (payments) for site restoration	39	(22,550)
Proceeds from disposal of oil and gas properties	340,550	—
	332,055	(40,587)
Increase (decrease) in cash	(4,320)	12,643
Cash and short-term investments, beginning of year	17,946	5,303
Cash and short-term investments, end of year	$ 13,626	$ 17,946

Supplemental cash flow information (note 7)

See accompanying notes to financial statements.

NOVA SCOTIA RESOURCES LIMITED

Notes to Consolidated Financial Statements
year ended December 31, 2001

1. **Significant accounting policies:**

(a) Basis of presentation:

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Substantially all of the Company's activities are conducted jointly with others and accordingly, these financial statements reflect only the Company's proportionate interest in these activities.

(b) Oil and gas properties:

The Company accounts for oil and gas properties in accordance with the Canadian accounting guideline on full cost accounting.

Under this method, all costs associated with the acquisition, exploration and development of gas properties are capitalized in one cost centre. Depletion is calculated using the unit of production method based on gross proved reserves before royalties. A ceiling test is applied to ensure that the capitalized costs do not exceed the estimated future revenues, net of production, site restoration, administration and financing costs.

(c) Provision for site restoration:

The provision for future removal and site restoration costs for the Cohasset/ Panuke project is based on current estimates and has been fully charged against income as part of depletion expense.

(d) Measurement uncertainty:

The amounts recorded for depletion and site restoration are based on estimates of reserves and future costs. By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

(e) Foreign currency translation:

Monetary items that are denominated in foreign currencies are translated into Canadian dollars at the foreign exchange rates in effect at the balance sheet date. Exchange gains and losses arising on the translation of short-term foreign currency balances are recorded in the statement of operations. The Company does not have any long-term foreign currency balances.

(f) Revenue recognition:

Revenue from the oil and gas production is recorded at current sales prices once the product is delivered.

2. Gas properties:

The Company has the following interests in gas fields and other interests:

	Cost	Accumulated depletion	2001 Net Book value	2000 Net Book value
		(in thousands)		
Sable Offshore Energy Project -8.4% working interest	$ —	$ —	$ —	$ 186,371
SDL evaluations -Scotian Shelf	1,561	—	1,561	1,510
British Columbia property	4,143	372	3,771	—
	$ 5,704	$ 372	$ 5,332	$ 187,881

In applying the ceiling test to its oil and gas reserves, the Company used forecasted commodity prices at December 31, 2001 to determine the net recoverable amount from its oil and gas activities. The Company compared this net recoverable amount to the carrying value of the oil and gas properties and has determined that no write down is required.

During 2001, the Company sold its interest in the Sable Offshore Energy Project together with other assets resulting in a gain on dispositon of $160,650. The Company realized approximately $396,550 related to the sale of these assets, comprised of closing proceeds of $340,550 plus an operating income stream of $56,000, which was retained by the Company from the effective sale date (December 1, 2000) to the closing date. As a result of the funds generated from this transaction, $394,958 has been paid to the Company's shareholder as a return of capital.

As a result of this sale transaction, the Company has significantly reduced its operations in the Nova Scotia offshore. During 2001, revenues of $68,266 and expenses of $26,652 were associated with these operations.

3. Receivable and other assets:

	2001	2000
		(in thousands)
Accounts receivable, trade	$ —	$ 13,391
Prepaid expenses	93	207
Receivable - J.V. partner	—	861
Other assets	25	38
	$ 118	$ 14,497

4. Provision for site restoration - measurement uncertainty:

The provision for site restoration as at December 31, is comprised as follows:

	2001	2000
		(in thousands)
Cohasset/Panuke Project	$ 11,832	$ 11,793
Sable Offshore Energy Project	—	1,071
	$ 11,832	$ 12,864

The Cohasset/Panuke Project ceased producing oil in 1999. The joint venture partner in the project has been evaluating deeper hydrocarbon potential in the area and site restoration has thus been delayed.

The carrying value of the provision for site restoration costs for the Cohasset/Panuke Project is based on an abandonment study conducted by an independent third party. The actual costs will be determined when the extent of the site restoration is approved by the Canada - Nova Scotia Offshore Petroleum Board. The Company's share of the cost of site restoration, based on the option chosen, has been estimated to range between $30 million and $40 million and was recorded at $35 million. As at December 31, 2001 $23.3 million has been paid for site restoration leaving a remaining provision of $11.8 million in respect of this project. The joint venture partner continues to evaluate options for use of the off-shore facilties, which may reduce or defer the restoration liability.

As evidence of financial responsibility regarding the abandonment of the Cohasset/Panuke Project, the Company has issued a demand promissory note to the Canada-Nova Scotia Offshore Petroleum Board in the amount of $17.5 million. This note is guaranteed by the Province of Nova Scotia.

5. Contributed surplus:

On November 17, 2000, the Province of Nova Scotia (the shareholder), by Order in Council, forgave all of the Company's outstanding debt owed to the Province of Nova Scotia. This amount, less return of surplus funds, was recorded as contributed surplus.

During 2001, contributed surplus of $394,958 was returned to the shareholder.

6. Government funding and sundry income:

Included in government funding and sundry income is an amount of nil (2000 - $5.0 million) in infrastructure funding related to site restoration costs.

7. Supplemental cash flow information:

	2001	2000
	(in thousands of dollars)	
Cash paid for:		
Interest	$ 263	$ 54,625
Income taxes	882	462
Cash received:		
Interest	1,074	780
Income taxes	71	4,678

8. Financial instruments - fair values:

The fair value of the Company's receivables and other assets, cash and short-term investments, and payables and accruals approximate their carrying amounts due to the relatively short periods to maturity of these instruments.

9. Income taxes:

As a Crown corporation, the Company is not taxable under the provisions of the Income Tax Act of Canada.

The Company's oil and gas operations are conducted through a subsidiary, Nova Scotia Resources (Ventures) Limited. This subsidiary is a taxable corporation and has approximately $133 million (2000 - $810 million) of deductions available to reduce future taxable income. The Company aslo has approximately $21 million (2000 - $21 million) of federal tax credits available to reduce future income taxes payable. The tax benefit related to the deductions and credits have not been recognized in these financial statements.

During 2001, refundable investment tax credits totaling approximately nil (2000- $71) were earned by Nova Scotia Resources (Ventures) Limited and have been recorded as a reduction in the cost of the Sable Offshore Energy Project.

10. Litigation settlement:

During 2000 the Company reached a settlement related to a claim filed by TransCanada Pipelines Limited in prior years. As the outcome of the claim could not previously be determined, no amount has been accrued in prior years. The full amount of the settlement was recorded as a charge against income in 2000.

AUDITOR'S REPORT

To the Chairperson and Members of the
Nova Scotia Talent Trust

I have examined the statements of financial position of the Nova Scotia Talent Trust Operating Fund and Investment Fund as at March 31, 2002 and the statements of revenue, expenses and fund balances for the year then ended. These financial statements are the responsibility of the Trust's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many similar organizations, the Trust derives revenue from fund raising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Trust and I was not able to determine whether any adjustments might be necessary to fund raising and donation revenue, (deficiency) excess of revenue over expenses, assets and Trust equity.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the fund raising and donation revenue referred to in the preceding paragraph, these financial statements present fairly in all material respects, the financial position of the Trust as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R.Salmon, FCA
Auditor General

Halifax, Nova Scotia
May 24, 2002

NOVA SCOTIA TALENT TRUST

Operating Fund Balance Sheet
as at March 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ 5,346	$ 1,682
Due from Investment Fund	302	301
Total Assets	$ 5,648	$ 1,983
FUND BALANCE		
Fund Balance - unappropriated	5,648	1,983
Total Liabilities and Fund Balances	$ 5,648	$ 1,983

Investment Fund Balance Sheet
as at March 31, 2002

	2002	2001
ASSETS		
Current		
Short-term investments, at cost (Note 2)	$ 49,008	$ 40,699
Accrued interest	—	221
	49,008	40,920
Long-term investments, at cost (Note 2)	—	6,772
Total Assets	$ 49,008	$ 47,692
LIABILITIES		
Due to Operating Fund	$ 302	$ 301
FUND BALANCE		
Fund Balance - appropriated	48,706	47,391
Total Liabilities and Fund Balances	$ 49,008	$ 47,692

NOVA SCOTIA TALENT TRUST

Operating Fund
Statement of Revenues, Expenses and Fund Balance
for the Year Ended March 31,2002

	2002	2001
Revenues		
Grant - Province of Nova Scotia	$ 45,000	$ 46,500
Fund raising activities (donations)	14,538	1,000
Interest income	16	1,287
	59,554	48,787
Expenses		
Talent Trust grants	52,535	53,000
Administration expenses (Note 3)	3,354	4,601
	55,889	57,601
(Deficiency) Excess of revenue over expenses	3,665	(8,814)
Fund Balance, beginning of period	1,983	10,797
Fund Balance, end of period	$ 5,648	$ 1,983

Investment Fund
Statement of Revenue, Expenses and Fund Balance
for the Year Ended March 31,2002

	2002	2001
Revenues		
Interest earned - investment fund	$ 1,315	$ 2,183
Expenses	—	—
Excess of revenue over expenses	1,315	2,183
Fund Balance, beginning of period	47,391	45,208
Fund Balance, end of period	$ 48,706	$ 47,391

NOVA SCOTIA TALENT TRUST

Notes to Financial Statements
March 31, 2002

1. Authority

The Nova Scotia Talent Trust was established pursuant to a special resolution of the Nova Scotia Companies Act. The purpose of the Trust is to assist in the education and advancement of Nova Scotians in the visual and performing arts.

2. Investments

Investments consist of a Royal Bank Guaranteed Investment Certificate which matured September 2001, and three Royal Bank Mutual Funds - Royal Canadian Money Market, Royfund Balanced Fund and Royal Canadian T-Bill Fund.

3. Administrative Expenses

These financial statements do not reflect administrative expenses incurred by the Provincial Department of Tourism and Culture on behalf of the Trust.

4. Statement of Cash Flow

A Statement of Cash Flow is not provided as disclosure in the balance sheets and statements of revenues, expenses and fund balance is considered adequate.

5. Economic Dependence

Nova Scotia Talent Trust is economically dependent upon the Province of Nova Scotia through the Department of Tourism and Culture. The Department provides the Trust with grants which account for 75% of the Trust's revenues. These grants are needed to cover the Trust's annual scholarship disbursements.

AUDITOR'S REPORT

To the Members of the Legislative
Assembly of Nova Scotia, and

To the Minister of Finance

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency of the Nova Scotia Teachers' Pension Fund as at December 31, 2001 and the Statement of Change of Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and deficiency of the Fund as at December 31, 2001 and changes in net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

E. R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
September 27, 2002

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA TEACHERS' PENSION FUND

Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency as at December 31, 2001

	2001	2000
	(in thousands)	
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Investments (Note 4)	$ 3,437,725	$ 3,575,982
Receivable from School Boards (Note 1)	171,430	158,903
Contributions receivable		
Employees'	1,378	941
Employers'	3,907	7,348
Accrued income	19,977	18,963
Cash	1,301	670
Total Assets	3,635,718	3,762,807
Liabilities		
Net investment transactions outstanding	16,090	777
Accounts payable	20,910	20,183
Total liabilities	37,000	20,960
Net assets available for benefits	3,598,718	3,741,847
Actuarial asset value adjustment (Note 5)	30,657	44,902
Actuarial value of net assets available for benefits	$ 3,629,375	$ 3,786,749
ACCRUED PENSION BENEFITS AND DEFICIENCY		
Accrued pension benefits	$ 4,197,692	$ 3,998,940
Deficiency (Note 6)	(568,317)	(212,191)
Accrued pension benefits and deficiency	$ 3,629,375	$ 3,786,749

See accompanying notes to financial statements.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA TEACHERS' PENSION FUND

Statement of Changes in Net Assets Available for Benefits
for the Year ended December 31, 2001

	2001	2000
	(in thousands)	
Increase In Assets		
Investment activities (Note 4)	$ —	$ 263,144
Interest on receivable from School Boards	12,555	13,852
	12,555	276,996
Contributions		
Employers' - matched	50,601	49,083
Employees' - matched	50,601	49,083
Employers' - unmatched - Province	16,798	15,626
Employees' - unmatched	2,617	1,140
Transfers from other pension plans	983	1,639
	121,600	116,571
Total increase in assets	134,155	393,567
Decrease In Assets		
Investment activities (Note 4)	73,008	—
Benefits paid	193,934	186,917
Operating expenses (Note 7)	7,806	7,868
Refund of contributions and interest and transfers to other pension plans	2,536	3,104
Total decrease in assets	277,284	197,889
Increase (Decrease) in Net Assets	(143,129)	195,678
Net Assets Available for Benefits at Beginning of Year	3,741,847	3,546,169
Net Assets Available for Benefits at End of Year	$ 3,598,718	$ 3,741,847

See accompanying notes to financial statements.

NOVA SCOTIA TEACHERS' PENSION FUND

Notes to the Financial Statements
December 31, 2001

1. Authority and Description of Plan

The Teachers' Pension Fund (the Fund) was established by the Teachers' Pension Act (the Act). It is the funding vehicle for the Teachers' Pension Plan (the Plan), a pension plan which covers public school and community college teachers. The detailed provisions of the Plan, including pension eligibility criteria and benefit formula are also contained in the Act and in the Regulations made under the Act.

Employee and employer contributions and investment earnings are credited to the Fund. Pensions, payments to terminating employees and administration expenses are charged to the Fund. The Minister of Finance is trustee of the Fund which is invested in federal, provincial, municipal and corporate securities which qualify as eligible investments under the Provincial Finance Act.

The Plan is funded by employee and matching employer contributions of 8.3% of salary up to the Year's Maximum Pensionable Earnings (YMPE) per the Canada Pension Plan (CPP) and 9.9 % of salary above the YMPE. The basic pension formula is 2% for each year of pensionable service times the number of years of pensionable service. Pensions are integrated with CPP benefits at age 65. Pensions in pay are increased on January 1 of each year at a rate equal to the increase in the Consumer Price Index for Canada less 1%, to a maximum of 6%.

Plan members are eligible for a pension upon reaching any of the following criteria:

- 35 years of service;
- age 50 with 30 years of service (reduced pension);
- age 55 with an age plus pensionable service factor of 85 - "Rule of 85";
- age 55 with two years of service (reduced pension);
- age 60 with 10 years of service;
- age 65 with two years of service.

On July 22, 1994 the Governor in Council authorized an early retirement program (ERP) for plan members. Each employing school board was required to pay into the Plan an amount in respect of each eligible teacher in the employ of the school board who retired in accordance with these regulations. At December 31, 2001 the balance outstanding was $171.4 million (December 31, 2000 - $158.9 million) which is repayable over 8 years and bears interest at 8%. Order-in-Council 2002-181 dated April 26, 2002 transferred responsibility for making these payments from the school boards to the Province.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. In the event there are insufficient funds within the Fund to make all payments required by the Act, the Province of Nova Scotia guarantees cash flow assistance. They are prepared in accordance with Canadian generally accepted accounting principles.

(b) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates is included in unrealized investment income.

(c) Investments

(i) Investments are reported as of the trade date and are stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

(ii) The derivative contracts held by the Fund are recorded at market value with the resulting gains or losses being recognized in unrealized investment income.

(iii) Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with total market value of $65.6 million (1.8% of Total Assets) as at December 31, 2001 ($103.5 million (2.8% of Total Assets) as at December 31, 2000).

3. Agreement to Address Unfunded Liability

On November 25, 1993. the Act was amended to incorporate the terms of an agreement signed May 13, 1993 between the Nova Scotia Teachers' Union and the Province of Nova Scotia to address the unfunded liability in the Plan.

As part of this agreement the Province assumed responsibility for $300 million of the unfunded liability. By July 18, 1997 the Province had paid the amount in full.

The Province also agreed to make payments over a ten year period equal to $10 million per year in 1993, increased by 7.5% per year. This commitment is set out in Schedule B of the Teachers' Pension Act.

4. Investments and Derivatives

The investment objectives of the Plan are to provide long-term security of pension benefits to members and to minimize any increases in contributions required by members and the employer. A strategy of investing in assets of Canadian and foreign equities, bonds, debentures, mortgages and money market securities is aimed at achieving these objectives.

(a) Market value of investments and related income before allocating the effects of derivative contracts.

	As at December 31, 2001		For the Year	As at December 31, 2000		For the Year
	Assets	%	Income * (Loss)	Assets	%	Income * (Loss)
			(in thousands)			
Money market.	$ 287,494	8.4%	$ 12,125	$ 447,933	12.6%	$ 19,595
Fixed income. .	1,292,418	37.6%	97,686	1,273,050	35.6%	122,969
Equities						
- Cdn	922,947	26.8%	(67,482)	1,005,753	28.1%	153,322
- US	617,513	18.0%	(23,168)	479,309	13.4%	9,851
- Other foreign .	302,413	8.8%	(64,696)	379,286	10.6%	(77,971)
Derivatives . . .	14,940	0.4%	(27,533)	(9,349)	(0.3)%	35,348
Other	—	—	60	—	—	30
	$ 3,437,725	100.0%	$ (73,008)	$ 3,575,982	100.0%	$ 263,144

- * Includes realized losses of $25.2 million (gains of $452.4 million - 2000) and unrealized losses of $122.4 million (losses of $397.3 million - 2000).

(b) Derivative contracts

Derivatives are financial contracts, the value of which is 'derived' from the value of underlying assets or interest or exchange rates. Derivatives provide flexibility in implementing investment strategy. Money market-to-equity swaps have been used during the year to adjust the asset mix.

The following provides details of the derivative money market-to-equity swap contracts outstanding as at December 31, 2001. Notional amounts of these derivative contracts represent the volume of outstanding transactions and serve as the basis upon which the return from and the market value of the contracts are determined. These contracts are donominated in Canadian dollars and are reset quarterly.

(in thousands)

Notional Principal	Original Term	Credit Rating of Counter-party	Equity Index	BA Index	Market Value
$ 16,685	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	$ 1,230
52,391	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	4,644
74,349	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	6,825
64,363	1.0 yrs	AA(low)	S&P/TSE60	CAD-BA-CDOR	2,241
$ 207,788					$ 14,940

(c) Market value of investments and related income after allocating the effect of derivative contracts.

(in thousands)

	As at December 31, 2001		For the Year	As at December 31, 2000		For the Year
	Assets	%	Income * (Loss)	Assets	%	Income * (Loss)
Money market.	$ 73,913	2.1%	$ 5,319	$ 215,939	6.0%	$ 4,148
Fixed income. .	1,292,418	37.6%	97,686	1,273,050	35.6%	122,969
Equities						
- Cdn	1,151,468	33.5%	(88,209)	1,228,398	34.4%	204,117
- US	617,513	18.0%	(23,168)	479,309	13.4%	9,851
- Other foreign .	302,413	8.8%	(64,696)	379,286	10.6%	(77,971)
Other	—	—	60	—	—	30
	$ 3,437,725	100.0%	$ (73,008)	$ 3,575,982	100.0%	$ 263,144

* Includes realized losses of $25.2 million (gains of $452.4 million - 2000) and unrealized losses of $122.4 million (losses of $397.3 million - 2000).

(d) Interest rate risk

Interest rate risk refers to the fact that the Plan's financial position will change as market interest rates change. Interest rate risk is inherent in the nature of the pension plan business due to prolonged timing differences between cash flows related to the Plan's assets and cash flows related to the Plan's liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to the long-term expectation of rate of return on the investments as well as expectations of inflation and salary escalation. To meet these liabilities the Plan has established an asset mix policy of approximately 60% equities and 40% fixed income securities. Long-term equity returns have historically shown high correlation with changes in inflation and salary escalation, while fixed income securities are sensitive to changes in nominal interest rates. At December 31, 2001 the $1,292.4 million fixed income securities had a modified duration of 5.3 years. This means a 1% decrease in nominal interest rates would increase their market value by approximately 5.3%.

(e) Credit risk

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss.

The Plan limits credit risk by purchasing fixed income securities with a credit rating of "BBB" and higher. In addition, the Plan limits derivative contract risk by dealing with counterparties that have a minimum "A" credit rating.

(f) Foreign currency risk

Foreign currency exposure arises from the Plan's holding of foreign currency-denominated equities. From time to time some of this exposure will be hedged based on interest rate spreads or other economic fundamentals.

The Plan's foreign currency exposure as at December 31, 2001 is summarized in the following table.

Currency	2001	2000
	(in thousands)	
Canada	$ 2,517,303	$ 2,724,987
Eurozone	85,310	162,538
Japan	36,204	26,438
United Kingdom	54,293	52,107
United States	672,110	515,870
Other	93,783	113,675
Total	$ 3,459,003	$ 3,595,615

5. Actuarial Asset Value Adjustment

The actuarial asset value adjustment is comprised of the present value of future payments under Schedule B of the Act. As at December 31, 2001, the present value of these future payments was $30.7 million (2000: $44.9 million).

6. Actuarial Valuation

Actuarial valuations of the Fund are required every year by the Act, and provide an estimate of the accrued pension benefits (fund liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, William M. Mercer Limited performed a valuation as at December 31, 2001 and issued their report in August 2002. The report indicated that the Plan had an unfunded liability of $568.3 million (2000 - $212.2 million).

The actuarial valuation projects liabilities for each member on the basis of service earned to date and the employee's projected five year average salary at the expected date of retirement. The projected unit credit method was adopted for the actuarial valuation to determine the current cost and actuarial liability. The major economic and demographic assumptions used in the valuation were as follows:

	Valuation December 31, 2001	**Valuation December 31, 2000**
Inflation	3.0% per annum	3.0% per annum
Average Salary Increase	0.5% per annum real plus merit ranging from 0.0% to 2.75% based on 5 year age bands	0.5% per annum real plus merit ranging from 0.0% to 2.75% based on 5 year age bands
Real Rate of Return on Investments	4.25% per annum	4.25% per annum
Average Retirement Age	60% - Retire at earliest date first eligible for an unreduced pension	60% - Retire at earliest date first eligible for an unreduced pension
	40% - Retire at earliest of: - age 65; - 35 years of service; or - age 60 with 10 years of service	40% - Retire at the earliest of: - age 65; or - 35 years of service
Mortality	1994 Group Annuitant Mortality Table projected to 2000 using scale AA	1994 Group Annuitant Mortality Table projected to 2000 using scale AA

The impact of the change in major actuarial assumptions and methodolgy used for the 2001 valuation as compared to the 2000 valuation:

- The average retirement age assumption was changed to 60% of members retire at earliest date first eligible for an unreduced pension with the remainder retiring at the earliest of age 65 or with 35 years of service or age 60 with 10 years of service, from 60% of members retire at earliest date for an unreduced pension or at the earliest of age 65 or with 35 years of service. This change increased Plan liabilities by $50.6 million.

- The accrual of future service for each member was changed, to being based on the percentage of full-time service in the valuation year from being based on a full year of service. This change decreased Plan liabilities by $10.4 million.

7. Operating Expenses

The Fund is charged with administrative and certain other expenses incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

Plan Administration	**2001**	**2000**
	(in thousands)	
Professional services	$ 136	$ 140
Salaries	562	448
Supplies and services	378	473
Travel	7	6
Other	88	64
	$ 1,171	$ 1,131

		2001		2000
Investment Expenses				
Investment management fees	$	6,219	$	6,302
Professional services		83		11
Salaries		265		302
Supplies and services		24		47
Travel		21		21
Other		23		54
	$	6,635	$	6,737
Total Operating Expenses	$	7,806	$	7,868

8. Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation for this year.

AUDITORS' REPORT

To the Chair and Members of the
Nova Scotia Utility and Review Board

We have audited the balance sheet of the Nova Scotia Utility and Review Board as at March 31, 2002, and the statements of operations, accumulated surplus, capital assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002, and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Halifax, Nova Scotia
June 18, 2002

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Operations
Year Ended March 31, 2002

	2002	2001
Revenue		
Grant from the Province of Nova Scotia (Note 2)	$ 2,030,000	$ 2,099,000
Assessments to utilities (Note 2)	900,231	581,125
Recoveries (Notes 2 and 10)	528,329	1,202,648
Interest	44,029	33,935
	3,502,589	3,916,708
Expenses		
Salaries, wages and benefits	2,313,968	2,256,077
Rent and business taxes (Note 11)	410,733	381,355
Consulting and legal fees	318,746	824,431
Travel	174,168	186,193
Advertising	43,958	44,596
Office supplies and services	40,640	46,702
Dues and fees	38,780	35,684
Transcribing and printing	37,379	60,757
Telecommunications	22,683	81,642
Depreciation	20,973	46,490
Equipment (Note 3)	19,490	21,475
Maintenance	18,008	26,840
Books and reports	14,346	17,023
Postage and couriers	9,392	10,605
Sundry expenses	3,998	4,691
Staff training and development	3,615	6,501
	3,490,877	4,051,062
Operating surplus (deficit) for the year	$ 11,712	$ (134,354)

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Accumulated Surplus
Year Ended March 31, 2002

	2002		
	Province of Nova Scotia	Public Utilities	Total
Restricted (Note 13)			
Balance, beginning of year	$ 248,625	$ 103,505	$ 352,130
Transferred from general	19,656	1,507	21,163
Balance, end of year	268,281	105,012	373,293
General			
Balance, beginning of year	288,899	156,933	445,832
Operating deficit	8,848	2,864	11,712
Transferred to restricted	(19,656)	(1,507)	(21,163)
Balance, end of year	278,091	158,290	436,381
Total accumulated surplus	$ 546,372	$ 263,302	$ 809,674

	2001		
	Province of Nova Scotia	Public Utilities	Total
Restricted (Note 13)			
Balance, beginning of year	$ ---	$ ---	$ ---
Transferred from general	248,625	103,505	352,130
Balance, end of year	248,625	103,505	352,130
General			
Balance, beginning of year	642,746	289,570	932,316
Operating deficit	(105,222)	(29,132)	(134,354)
Transferred to restricted	(248,625)	(103,505)	(352,130)
Balance, end of year	288,899	156,933	445,832
Total accumulated surplus	$ 537,524	$ 260,438	$ 797,962

See accompanying notes to financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Cash and cash equivalents (Notes 3 and 6)		
Board operations	$ 1,188,033	$ 850,006
War Service pension	---	167,756
Public service award	353,505	300,712
Accounts receivable (Note 4)	375,013	379,489
Inventory (Note 5)	3,279	3,437
	1,919,830	1,701,400
Service award advances	8,729	10,604
Capital assets	53,293	67,130
	$ 1,981,852	$ 1,779,134

LIABILITIES

	2002	2001
Current		
Payables and accruals	$ 252,609	$ 255,137
Due to related parties	456,109	132,567
	708,718	387,704
Long term		
War Service pension liability (Note 7)	---	167,756
Public service award liability (Note 8)	338,460	300,712
Advances for working capital (Note 9)	125,000	125,000
	463,460	593,468
	1,172,178	981,172

SURPLUS (Note 2)

	2002	2001
Restricted (Note 13)	373,293	352,130
General	436,381	445,832
	809,674	797,962
	$ 1,981,852	$ 1,779,134

Commitment (Note 11)

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Capital Assets
Year Ended March 31, 2002

	Cost				Accummulated Depreciation				2002	2001
	Opening	Additions	Deletions	Closing	Opening	Expense	Deletions	Closing	Net Book Value	Net Book Value
Funiture	$ 151,035	$ —	$ —	$ 151,035	$ 120,876	$ 4,726	$ —	$ 125,602	$ 25,433	$ 30,159
Computer Equipment	144,741	4,491	—	149,232	143,310	2,928	—	146,238	2,994	1,431
Computer software	10,402	1,605	—	12,007	5,743	3,286	—	9,029	2,978	4,659
Equipment	62,244	1,040	—	63,284	31,363	10,033	—	41,396	21,888	30,881
Total	$ 368,422	$ 7,136	$ —	$ 375,558	$ 301,292	$ 20,973	$ —	$ 322,265	$ 53,293	$ 67,130

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Statement of Cash Flows
Year Ended March 31, 2002

	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Operating surplus (deficit)	$ 11,712	$ (134,354)
Depreciation	20,973	46,490
	32,685	(87,864)
Change in non-cash operating working capital (Note 12)	327,523	822,595
	360,208	734,731
Financing		
Decrease in War Service pension liability	(167,756)	(12,105)
Increase in Public service award liability	37,748	25,520
	(130,008)	13,415
Investing		
Purchase of capital assets	(7,136)	(12,753)
Net increase in cash and cash equivalents	223,064	735,393
Cash and cash equivalents		
Beginning of year	1,318,474	583,081
End of year	$ 1,541,538	$ 1,318,474

See accompanying notes to the financial statements.

NOVA SCOTIA UTILITY AND REVIEW BOARD

Notes to the Financial Statements
March 31, 2002

1. Incorporation

The Nova Scotia Utility and Review Board was created on December 14, 1992, through the proclamation of the Utility and Review Board Act, Chapter 11 of the Acts of 1992. The Act consolidated the operations of the former Board of Commissioners of Public Utilities, Municipal Board, Expropriations Compensation Board, and Tax Review Board. All assets and liabilities of the former boards were transferred to and assumed by the Nova Scotia Utility and Review Board.

2. Authority

The Nova Scotia Utility and Review Board has those functions, powers and duties conferred upon it through Section 4 of the Utility and Review Board Act. Section 15(1) of the Public Utilities Act requires the Board to estimate its expenses in administering that Act and assess them against the public utilities of the Province. Sections 31 and 41 of the Gas Distribution Act allow the Board to set fees and award costs for activities relating to that Act. Expenses incurred by the Board in administering all other Acts are recovered from the Province of Nova Scotia. Any operating surpluses or deficits are allocated to the Province and the public utilities based on the prorata share of revenue contributed in each year.

3. Summary of significant accounting policies

a) General
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector.

b) Short term investments
Short term investments are valued at cost plus interest accrued to year end, which approximates market value.

c) Capital assets
Capital assets purchased by the Board with a value greater than $1,000 and a useful life greater than one year are capitalized and amortized over their useful lives on a straight line basis as follows:

Furniture	10 years
Computer equipment	3 years
Computer software	3 years
Equipment	5 years

d) Cash and cash equivalents
Cash and cash equivalents include balances with banks and short term investment. Bank borrowings are considered to be financing activities.

4. Accounts receivable

	2002	2001
Due from related parties	$ 132,760	$ 246,070
Trade	242,253	133,419
	$ 375,013	$ 379,489

5. Inventory

Inventory consists of Daily Vehicle Trip Inspection books held for resale. Cost is determined using the first-in, first-out method of valuation.

6. Pledged assets

The Board has an operating line of credit of $150,000 of which none has been used at March 31, 2002. As security, the Board has pledged short term investments.

7. Pensions

Public service superannuation fund

Pursuant to Section 10 of the Utility and Review Board Act, all full time employees of the Board are entitled to receive pension benefits under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Board is not responsible for any unfunded liability.

War Service pension liability

Employees of the Board are entitled to purchase service credits for certain years of war service. Increases in an employee's pension as a result of the purchase of war service credits were the responsibility of the Board in prior years and were billed to the Board as pensions were paid. During the year the Province of Nova Scotia voluntarily assumed this obligation as part of an administrative simplification initiative.

8. Public service award liability

The Board follows provisions similar to those found in the Civil Service Act with respect to the payment of public service awards to retiring employees. The Board is responsible for the funding and eventual payment of these awards.

9. Advances for working capital

The following advance was transferred to the Nova Scotia Utility and Review Board from the Board of Commissioners of Public Utilities on consolidation:

	2002	2001
Province of Nova Scotia	$ 125,000	$ 125,000

The authority for the advance for working capital from the Province was contained in Section 14 of Chapter 380, RSNS 1989, the Public Utilities Act. The advance is non-interest bearing, with no set terms of repayment.

10. Recoveries

Consultants are engaged by the Board to provide advice related to utility and natural gas administration and operations and to provide expert testimony during hearings. Consulting fees for specific hearings are generally recovered directly from the entities involved.

The Board also recovers certain transcription, copying and other expenses from various sources.

11. Commitments

The Nova Scotia Utility and Review Board has entered into an agreement to lease its premises until October 31, 2009. The annual rent of premises consists of a minimum rent plus the Board's portion of common costs such as maintenance, power, water and property taxes. Minimum rent payable for premises, not including common costs, in aggregate and for each of the next five years is as follows:

2003	202,342
2004	202,342
2005	205,353
2006	209,569
2007	209,569
Subsequently	541,385
	$ 1,570,560

Approximately 1,000 square feet of the Board's premises has been sublet to the Department of Transportation and Public Works for space occupied by the Nova Scotia Police Commission.

12. Supplemental cash flow information

Change in non-cash operating working capital

	2002	2001
Accounts receivable	$ 4,476	$ 801,883
Inventory	158	517
Service award advances	1,875	1,770
Payables and accruals	321,014	18,425
	$ 327,523	$ 822,595

13. Restricted surplus

Certain amounts of surplus have been restricted as necessary for ongoing and future operations of the Board. Details are as follows:

	Province of Nova Scotia	Public Utilities	2002 Total	2001 Total
Working capital	$ 101,043	$ 48,957	$ 150,000	$ 150,000
Tangible capital assets	34,768	18,525	53,293	67,130
Deferred capital expenditures	132,470	37,530	170,000	135,000
	$ 268,281	$ 105,012	$ 373,293	$ 352,130

14. Related party transactions

The Nova Scotia Utility and Review Board is a quasi-judicial tribunal operating at arms length from the Government of the Province of Nova Scotia. A significant amount of the funding for the Board is provided from the Consolidated Fund of the Province through a public service vote.

The Department of Transportation and Public Works for the Province of Nova Scotia sublets approximately 1,000 square feet of the Board's premises on behalf of the Nova Scotia Police Commission. The Board recovers the cost ($26,895) of the sublet space from the Department.

Direct expenses and a portion of salary costs incurred by the Board in relation to its adjudicative duties pursuant to the Liquor Control Act, Gaming Control Act and Theatre and Amusements Act are recovered from the Province through the Alcohol and Gaming Authority of the Department of Environment and Labour.

In previous fiscal years, the Province charged the Board for use of its mobile radio system. During fiscal 2002 the Province simplified administration of the system and now accounts for charges centrally. Allocations for fiscal year 2001 have been included in telecommunications expense for that year.

The Board purchases certain stationery supplies from the central government stationery stockroom. Purchases are included in office supplies expense.

Transaction with the Province by financial statement category are as follows:

	2002	2001
Statement of Operations:		
Grant from the Province of Nova Scotia	$ 2,030,000	$ 2,099,000
Recoveries:		
Premises sublet to Province	24,570	24,570
Alcohol, gaming and amusement adjudicative costs	118,935	99,787
Telecommunications expense	---	58,291
Office supplies expense	7,151	11,285
Balance sheet:		
Accounts receivable (Note 4)	114,893	194,257
Payables and accruals	452,809	132,567
Advances for working capital (Note 9)	125,000	125,000
Surplus	546,372	537,524

To minimize cost to government, some administrative support is provided by the Board to other agencies, in particular the Nova Scotia Police Commission and the Freedom of Information and Protection of Privacy Review Office (FOIPOP Review Office). The Board recovers some shared support costs and any direct expenses incurred on behalf of these agencies.

Transactions with the Nova Scotia Police Commission by financial statement category are as follows:

	2002	2001
Balance sheet:		
Accounts receivable	$ 391	609

Transactions with the FOIPOP Review Office by financial statement category are as follows:

	2002	2001
Statement of operations:		
Recoveries	$ 12,000	11,800
Balance Sheet:		
Accounts receivable	17,476	51,204
Accounts payable	3,300	---

15. Comparative figures

Certain of the comparative figures for 2001 have been reclassified to conform to the financial statement presentation adopted for the fiscal year 2002.

Unaudited

NOVACO LIMITED

Statement of Assets & Liabilities
For the Period Ending February 28, 2002

	2002	2001
Assets		
Current Assets		
Bank	$ —	$ 26,458
Accrued interest	—	22,828
Investments		
Term deposit	—	561,090
Total Assets	$ —	$ 610,376
Liability & Equity		
Current Liabilities		
Accounts payable	$ —	$ 360
Total Liabilities	—	360
Equity		
Capital Stock	—	5,000
Earnings		
Beginning retained earnings	605,016	582,260
Current earnings	2,560	22,756
Dispositions	607,576	—
Ending Retained Earnings	—	605,016
Total Equity	—	610,016
Total Liabilities/Equity	$ —	$ 610,376

Income Statement
For the Period Ending February 28, 2002

	2002	2001
Revenue		
Investment income	$ 2,560	$ 22,828
Total revenue	$ 2,560	$ 22,828
Expenses		
Corporate registration	$ —	$ 72
Total Expenses	$ —	$ 72
Net Income	$ 2,560	$ 22,756

AUDITORS' REPORT

To the Board of Directors of
Pictou County District Health Authority (formerly District Health Authority 6)

We have audited the statement of financial position of Pictou County District Health Authority (formerly District Health Authority 6) as at March 31, 2002 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Pictou County District Health Authority (formerly District Health Authority 6) as at March 31, 2002, and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP
Chartered Accountants

Truro, Nova Scotia
June 19, 2002

PICTOU COUNTY DISTRICT HEALTH AUTHORITY
(formerly District Health Authority 6)

Statement of Financial Position
March 31, 2002

ASSETS

	Operating Fund	Capital Fund	Endowment Fund	Total 2002	Total 2001
Current					
Cash and cash equivalents	$ 2,949,004	$ 167,705	$ 616,866	$ 3,733,575	$ 2,395,000
Receivables (Note 4)	2,700,038	785,490	—	3,485,528	4,151,757
Due from other funds	7,632	450,807	—	458,439	133,623
Inventories	264,755	—	—	264,755	293,199
Prepaids	79,751	—	—	79,751	116,069
	6,001,180	1,404,002	616,866	8,022,048	7,089,648
Other receivables (Note 5)	3,766,900	—	—	3,766,900	3,531,760
Capital assets (Note 6)	—	41,541,622	—	41,541,622	42,506,418
	$ 9,768,080	$ 42,945,624	$ 616,866	$ 53,330,570	$ 53,127,826

LIABILITIES

	Operating Fund	Capital Fund	Endowment Fund	Total 2002	Total 2001
Current					
Payables and accruals (Note 7)	$ 5,436,587	$ 700,113	$ —	$ 6,136,700	$ 5,819,786
Due to other funds	450,807	—	7,632	458,439	133,623
Deferred revenue	1,706,672	593,342	—	2,300,014	2,101,596
Current portion of obligations under capital lease	—	17,842	—	17,842	64,866
Current portion of long term debt	—	23,889	—	23,889	20,292
	7,594,066	1,335,186	7,632	8,936,884	8,140,163
Employee benefits (Note 8)	2,174,014	—	—	2,174,014	1,938,874
Obligation under capital lease (Note 9)	—	31,123	—	31,123	48,964
Long term debt (Note 10)	—	95,557	—	95,557	123,044
	9,768,080	1,461,866	7,632	11,237,578	10,251,045

FUND BALANCES (Page 407)

	Operating Fund	Capital Fund	Endowment Fund	Total 2002	Total 2001
Restricted (Note 11)	—	48,965	466,062	515,027	419,847
Unrestricted	—	—	143,172	143,172	139,280
Investment in capital assets	—	41,434,793	—	41,434,793	42,317,654
		41,483,758	609,234	42,092,992	42,876,781
	$ 9,768,080	$ 42,945,624	$ 616,866	$ 53,330,570	$ 53,127,826

Commitments (Note 13)

See accompanying notes to the financial statements

PICTOU COUNTY DISTRICT HEALTH AUTHORITY

(formerly District Health Authority 6)

Statement of Operations - Operating Fund
Year Ended March 31, 2002

	2002	Three Months Ended 2001
Revenues		
Nova Scotia Department of Health	$ 35,132,658	$ 8,728,384
Charges to M.S.I.	1,462,696	269,266
Department of Veterans Affairs	1,553,449	371,748
In-patients	895,378	214,272
Out-patients	213,649	43,633
Community Health Board initiatives	14,893	—
Rental income	277,653	92,768
Investment income	77,218	14,593
Food services	41,424	9,407
Laboratory	57,457	13,109
Other income	43,599	17,530
	39,770,074	9,774,710
Expenses		
In-patient services	15,158,663	3,535,422
Ambulatory services	7,133,871	1,710,789
Diagnostic and therapeutic services	6,508,764	1,548,502
Support services	8,769,677	2,269,663
Community services	1,144,423	403,673
Employee transitional support	256,257	78,589
Rental expenses	268,086	57,840
Education and library	84,475	32,575
Increase in vacation pay accrual	173,146	76,385
Retirement allowance benefits	272,712	61,272
	39,770,074	9,774,710
Excess of revenues over expenses	$ —	$ —

See accompanying notes to the financial statements.

PICTOU COUNTY DISTRICT HEALTH AUTHORITY

(formerly District Health Authority 6)

Statement of Changes in Fund Balances
Year Ended March 31, 2002

	Capital Fund	Endowment Fund	2002 Total	Three Months Ended 2001 Total
Restricted				
Balance, beginning of year	$ 113,830	$ 306,017	$ 419,847	$ —
Fund balance of district facilities as at January 1, 2001 (Note 2)	—	—	—	436,887
Excess of revenues over expenses	—	10,489	10,489	3,474
Transfer to unrestricted (Note 9)	(64,865)	—	(64,865)	(21,343)
Contributions	—	149,556	149,556	829
Balance, end of year	$ 48,965	$ 466,062	$ 515,027	$ 419,847
Unrestricted				
Balance, beginning of year	$ 42,317,654	$ 139,280	$ 42,456,934	$ —
Fund balance of district facilities as at January 1, 2001 (Note 2)	—	—	—	42,339,434
Transfer from restricted	64,865	—	64,865	21,343
Excess of revenues over expenses	5,382	3,892	9,274	3,596
Capital asset funding				
Department of Health	904,555	—	904,555	130,079
Foundations	386,525	—	386,525	520,108
Auxiliary	67,360	—	67,360	(4,780)
Other	5,122	—	5,122	—
Contributions	—	—	—	7,762
Amortization	(2,293,382)	—	(2,293,382)	(557,413)
Capital debt charges	(23,288)	—	(23,288)	(3,195)
Balance, end of year	$ 41,434,793	$ 143,172	$ 41,577,965	$ 42,456,934

See accompanying notes to the financial statements.

PICTOU COUNTY DISTRICT HEALTH AUTHORITY
(formerly District Health Authority 6)

Statement of Cash Flows
Year Ended March 31, 2002

	2002	Three Months Ended 2001
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenses - Capital Fund	$ 5,382	$ 1,800
Excess of revenues over expenses - Endowment Fund	14,381	5,270
Contributions - Endowment Fund	149,556	8,591
	169,319	15,661
Change in non-cash working capital		
Receivables	431,089	(471,042)
Inventories	28,444	25,090
Prepaid expenses	36,318	(39,168)
Payables and accruals	491,719	1,446,439
Deferred revenue	258,753	(162,046)
	1,415,642	814,934
Financing and investing		
Assets, liabilities and fund balances of district facilities at January 1, 2001		
Assets	—	(51,569,420)
Liabilities	—	8,793,099
Fund balances	—	42,776,321
Capital asset funding	1,363,562	645,407
Interfund transfer - capital asset funding	64,865	21,343
Purchase of capital assets	(1,328,586)	(656,204)
Repayment long term debt and obligation under capital lease	(88,755)	(21,343)
Capital debt charges	(23,288)	(3,195)
	(12,202)	(13,992)
Decrease in restricted funds	(64,865)	(21,343)
	(77,067)	(35,335)
Net increase in cash and cash equivalents	1,338,575	779,599
Cash and cash equivalents,beginning of year	2,395,000	1,615,401
Cash and cash equivalents, end of year	$ 3,733,575	$ 2,395,000

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2002

1. Nature of operations

Pictou County District Health Authority (formerly District Health Authority 6) operates several health care facilities including Aberdeen Regional Hospital, Sutherland Harris Memorial Hospital and related community health services.

2. Health Authorities Act

Pictou County District Health Authority (formerly District Health Authority 6) was formed by the Health Authorities Act of the Province of Nova Scotia, as assented to on June 8, 2000. On January 1, 2001, Pictou County District Health Authority (formerly District Health Authority 6) acquired the assets and assumed the liabilities of the former Northern Regional Health Board related to the facilities and and community health services referred to above.

3. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Use of estimates
The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

Fund accounting
Revenues and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenues and expenses related to the authority's capital assets. Endowment contributions are reported in the Endowment fund.

Revenue recognition
Pictou County District Health Authority (formerly District Health Authority 6) follows the deferral method of accounting for non-capital contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured.

Capital contributions are treated as additions to investment in capital assets in the year in which the asset is acquired.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which it is earned.

Inventories
Inventories are recorded at the lower of cost or replacement value.

Capital assets
Assets purchased during the period were recorded in the Capital Fund at cost. Amortization is provided on a straight line basis at the following rates:

Buildings	2%
Land improvements	5%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

Amortization on construction in progress is not recorded until the projects are completed.

Compensation accruals
Pictou County District Health Authority (formerly District Health Authority 6) follows the policy of recording in payables and accruals a liability for vacation pay, accumulated overtime and call back.

Employee benefit plans
The authority accrues its employee benefit plan obligations and the related costs, net of plan assets. The authority has adopted the following policies:

- The cost of retirement benefits (allowances) earned by employees is actuarialy determined using the projected benefit method prorated on service.
- Defined contribution plan accounting is applied to a multi-employer defined benefit pension plan because the authority does not have sufficient information to apply defined benefit plan accounting.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with banks and various funds held in trust.

4. Receivables

	Operating Fund	Capital Fund	Total 2002	Total 2001
Charges to M.S.I.	$ 184,278	$ —	$ 184,278	$ 57,816
Foundations and Auxiliaries	8,174	660,488	668,662	815,663
Harmonized sales tax	254,897	88,287	343,184	346,255
Patients	181,156	—	181,156	206,935
Veterans Affairs Canada	129,858	—	129,858	—
Other	190,500	26,527	217,027	273,987
	948,863	775,302	1,724,165	1,700,656
Nova Scotia Department of Health				
Construction and equipment	—	10,188	10,188	456,745
Final settlement and other	1,751,175	—	1,751,175	1,994,356
	1,751,175	10,188	1,761,363	2,451,101
	$ 2,700,038	$ 785,490	$ 3,485,528	$ 4,151,757

The final settlement estimates are dependent upon approval of the Department of Health. An adjustment, if any, will be accounted for in the year in which they occur.

5. Other receivables

	Operating Fund	Total 2002	Total 2001
Nova Scotia Department of Health			
Vacation pay	$ 1,592,886	$ 1,592,886	$ 1,592,886
Employee benefits	2,174,014	2,174,014	1,938,874
	$ 3,766,900	$ 3,766,900	$ 3,531,760

6. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 32,378	$ —	$ 32,378	$ 32,378
Land improvements	393,549	77,035	316,514	336,191
Buildings	49,363,739	12,486,115	36,877,624	37,686,346
Equipment	9,770,457	5,771,570	3,998,887	4,203,884
Equipment under capital lease	615,756	436,566	179,190	246,571
Construction in progress	137,029	—	137,029	1,048
	60,312,908	$ 18,771,286	$ 41,541,622	$ 42,506,418

The Aberdeen Hospital Foundation has registered a chattel mortgage on specific equipment donated to the former Aberdeen Hospital Commission. The agreement specifies certain restrictions on the use and disposition of this equipment. If the equipment is not used in accordance with the agreement, an agreed upon amount is to be repaid to the foundation on an item by item basis.

7. Payables and accruals

	Operating Fund	Capital Fund	Total 2002	Total 2001
Trade	$ 3,411,572	$ 700,113	$ 4,111,685	$ 3,967,917
Vacation pay	2,025,015	—	2,025,015	1,851,869
	$ 5,436,587	$ 700,113	$ 6,136,700	$ 5,819,786

8. Employee benefits

The authority has the following benefit plans:

(i) a multi-employer defined benefit plan, as administered by the Nova Scotia Association of Health Organizations, providing pension benefits to most of its employees, and
(ii) a retirement benefit plan providing retiring allowances to its employees.

The defined benefit plan is accounted for as a defined contribution plan.

The most recent projected actuarial valuation of the multi-employer pension plan, with approximately 18,000 members throughout the province, showed a surplus at December 31, 2000.

The net expense for the authority's benefit plans is as follows:

	Pension Benefit Plan March 31, 2002
Contributions to a multi-employer plan accounted for as a defined contribution plan, included in program expenses	$ 1,075,110

Information about the authority's retirement benefit plan as at March 31, 2002 is as follows:

	Retirement Benefit Plan March 31, 2002
Fair value of plan assets	$ 2,174,014
Accrued benefit liability recognized	$ 2,174,014

The retirement allowances for the health authority paid out during the year are as follows:

	Retirement Benefit Plan March 31, 2002
Retirement allowances	$ 67,438

The following actuarial assumptions have been used in the determination of the accrued benefit obligation as at March 31, 2002:

Discount rate	7.05%
Rate of compensation increase	3.65-6.15%
Termination rates	1.2-20%

It was also assumed that 50% of employees will retire on the date they are first eligible for an unreduced retirement allowance, and the remainder will retire on their normal retirement date, which is their 65th birthday.

9. Obligations under capital lease

The authority leases equipment under a capital lease from Toshiba of Canada Limited.

Future minimum lease payments are as follows:

	2002	2001
2002	$ —	$ 70,967
2003	20,908	20,908
2004	20,908	20,908
2005	12,197	12,197
	54,013	124,980
Less: amount representing interest on capital leases at varying rates of 7.25%	5,048	11,150
	48,965	113,830
Less: current portion	17,842	64,866
	$ 31,123	$ 48,964

As security, the authority has pledged specific equipment.

10. Long term debt

	2002	2001
6.5% loan, payable in equal annual payments of $29,609 including interest, maturing in 2006	$ 119,446	$ 143,336
Less: current portion	23,889	20,292
	$ 95,557	$ 123,044

11. Restricted fund balance

The Nova Scotia Department of Health provided funding to establish a reserve for repayment of the capital lease obligations. This reserve is restricted and will be used solely for the repayment of capital lease obligations as referred to in Note 9. The balance of the reserve was $48,965 as of March 31, 2002.

12. Credit facilities

The health authority has a financing arrangement with a financial institution which provides an available operating line of credit totalling $1,000,000. As of March 31, 2001, there was no borrowing outstanding against the credit facilities.

13. Commitments

Pictou County District Health Authority (formerly District Health Authority 6) has operating lease commitments amounting to $19,908 for the fiscal year ended March 31, 2003.

14. Related entities

The health authority has responsibility for the operation of certain hospitals and health care facilities as outlined in Note 1. There are in existence several hospital auxiliaries and foundations, which solicit funds in the name of these particular hospitals and health care facilities. These funds are intended by the contributor to assist in the provision of health care services in the catchment area. The health authority is considered to have an economic interest in these foundations and auxiliaries whereby the assets of these organizations may accrue to the benefit of the authority. The amount and nature of these assets at March 31, 2002 are available from the individual financial statements of the related entities.

15. Comparative figures

Certain of the 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2002.

AUDITOR'S REPORT

To the Board of Directors of
Provincial Drug Distribution Program

We have audited the statement of financial position of the Provincial Drug Distribution Program (the "PDDP") as at March 31, 2002 and the statements of fund balances, revenues and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the PDDP's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the PDDP as at March 31, 2002 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants

Halifax, Canada
June 7, 2002

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Statement of Financial Position
as at March 31, 2002

ASSETS

	Operating Fund	Capital Fund	Total 2002	Total 2001
			(in thousands)	
Current				
Cash	$ 1,265	$ ---	$ 1,265	$ ---
Accounts receivable (note 3)	7,618	---	7,618	6,461
Due from Capital District Health Authority	---	---	---	3,406
Inventories	2,206	---	2,206	2,853
	11,089	---	11,089	12,720
Deferred charges (Note 4)	---	28	28	39
Capital Assets	---	43	43	56
	$ 11,089	$ 71	$ 11,160	$ 12,815

LIABILITIES

	Operating Fund	Capital Fund	Total 2002	Total 2001
Current				
Bank indebtedness	$ ---	$ ---	$ —	$ 2,984
Due to Capital District Health Authority	265	---	265	---
Accounts payable and accrued liabilities	3,164	---	3,164	2,225
Deferred revenue	206	---	206	109
	3,635	---	3,635	5,318
Due to Department of Finance (note 5)	7,341	---	7,341	7,341
	10,976	---	10,976	12,659

FUND BALANCE

	Operating Fund	Capital Fund	Total 2002	Total 2001
Operating fund	113	---	113	61
Net assets	---	71	71	95
	$ 11,089	$ 71	$ 11,160	$ 12,815

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Statement of Fund Balances
Year ended March 31, 2002

	2002	2001
	(in thousands)	
OPERATING FUND		
Balance, beginning of year	$ 61	$ 67
Net revenues over expenditures	52	83
	113	150
Approved equity transfer to capital fund	---	(89)
Balance, end of year	$ 113	$ 61
INVESTMENT IN CAPITAL ASSETS		
Capital funding, beginning of year	$ 95	$ ---
Amortization	(24)	(22)
Approved equity transfer to capital fund	---	89
Capital funding from the Department of Health	---	28
	71	95
Balance, end of year	$ 71	$ 95

Statement of Revenues and Expenditures
year ended March 31, 2002

	2002	2001
	(in thousands)	
Operating		
Revenues (Schedule A)	$ 51,951	$ 47,022
Expenditures (Schedule B)	51,899	46,939
Net revenues over expenditures	$ 52	$ 83

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Statement of Cash Flow
year ended March 31,2002

	2002	2001
	(in thousands)	
Operating Activities		
Net revenues over expenditures	$ 52	$ 83
Items not requiring cash		
Amortization	24	22
Changes in non-cash working-capital items	4,173	(1,736)
Cash provided by (used in) operating activities	4,249	(1,631)
Financing Activities		
Capital funding from Department of Health, net	—	6
Cash provided by financing activities	---	6
Investing Activities		
Disposal of capital assets	---	18
Cash provided by investing activities	---	18
Net increase (decrease) during the year	4,249	(1,607)
Bank indebtedness, beginning of year	(2,984)	(1,377)
Cash (bank indebtedness), end of year	$ 1,265	$ (2,984)

See accompanying notes

1. Nature of Organization

The Provincial Drug Distribution Program (PDDP) is the responsibility of the Minister of Health and a board of managers. Effective April 1, 1998, the District Health Authorities (DHAs) and non-designated organizations (NDOs) agreed to purchase all of their drug requirements through the PDDP. Sales are made to hospitals at cost and to nursing homes at cost plus a mark up of 10%. The Capital District Health Authority administers the program.

2. Significant Accounting Policies

The PDDP follows the deferral method of accounting for contributions. These financial statements have been prepared in accordance with generally accepted accounting principles and include the following specific accounting policies.

Operating Costs:
These financial statements do not include certain expenses which are absorbed by the Capital District Health Authority.

Capital Assets
Capital assets are valued at cost and are amortized on a straight-line basis over the useful life of each asset.

Deferred Charges
Deferred charges are valued at cost and are amortized on a straight-line basis over five years.

Inventory
Inventory is valued at the lower of cost and replacement cost, with cost determined on a first-in first-out basis.

3. Accounts Receivable

	2002	2001
	(in thousands)	
Customer receivables	$ 7,551	$ 6,338
Out-dated drugs receivable	67	123
	$ 7,618	$ 6,461

4. Deferred Charges

The Department of Health entered into an agreement dated January 1, 2000 with a national buying group. As a result, the PDDP will be entitled to receive all negotiated vendor contract prices for pharmaceutical supplies. The PDDP paid a one-time non-refundable joining fee. This investment is recorded at cost and is amortized on a straight-line basis over five years.

5. Due to Department of Finance

In prior years, the Province of Nova Scotia processed and recorded the receipts and disbursements of the Nova Scotia Hospital and PDDP. As at April 1, 1997, the cumulative difference between receipts and disbursements was recognized as a liability to the Province at year end. Repayment terms for this liability are not specified.

6. Comparative Figures

Certain of the March 31, 2001 comparative figures have been reclassified to conform with the presentation adopted in the current year.

PROVINCIAL DRUG DISTRIBUTION PROGRAM

Schedule A

Schedule of Revenues
Year ended March 31, 2002

	2002	2001
	(in thousands)	
Drug Sales	$ 51,475	$ 46,491
Department of Health	323	352
Other	153	179
Amortization	24	22
	51,975	47,044
Less: Amortization	24	22
	$ 51,951	$ 47,022

Schedule B

Schedule of Expenditures
Year ended March 31, 2002

	2002	2001
	(in thousands)	
Drugs	$ 51,126	$ 46,162
Compensation	474	516
Fees	164	156
Other	77	40
Plant maintenance supplies	54	63
Amortization	24	22
Travel	4	2
	51,923	46,961
Less: Amortization	24	22
	$ 51,899	$ 46,939

Schedule C

Schedule of Changes in Capital
Year ended March 31, 2002

	2002	2001
	(in thousands)	
Capital Funding		
Approved equity transfer to capital fund (net of amortization)	$ ---	$ 67
Capital funding from Department of Health	---	28
Capital Deficit Funding from Department of Health	$ ---	$ 95

Unaudited

PROVINCIAL RESORT HOTELS

Statement of User Fees and Expense for the year ended March 31, 2002

	Pines Resort	Keltic Lodge	Liscombe Lodge	Totals 2002	Totals 2001
User Fees					
Rooms	$ 2,067,590	$ 1,956,853	$ 856,632	$ 4,881,075	$ 4,897,287
Food	1,408,364	1,612,299	683,848	3,704,511	3,821,818
Beverage	313,653	322,406	90,656	726,715	754,562
Other	786,096	446,378	187,993	1,420,467	1,419,406
	4,575,703	4,337,936	1,819,129	10,732,768	10,893,073
Expense					
Salaries & Wages . .	2,085,687	1,718,524	881,206	4,685,417	4,845,792
Travel	17,232	18,849	3,315	39,396	35,400
Supplies & Services .	1,978,823	1,599,883	638,181	4,216,887	4,200,996
Other	53,263	141,946	31,694	226,903	198,296
	4,135,005	3,479,202	1,554,396	9,168,603	9,280,484
Operating Profit (Loss)	440,698	858,734	264,733	1,564,165	1,612,589
Property Improvements	232,122	118,961	172,513	523,596	1,373,255
Profit (Loss)	$ 208,576	$ 739,773	$ 92,220	$ 1,040,569	$ 239,334

PROVINCIAL RESORT HOTELS

Notes to Financial Statements

March 31, 2002

Note: This financial statement reflects user fees and current expenditures of the Provincial Resorts budgeted under the Department of Tourism and Culture.

The Resort maintenance and non-capital improvement costs of $459,413 ($411,859 in 2000-01) are not included in this statement as they are expenses recorded by the Department of Transportation and Public Works:

Review Engagement Report

To the Board of Trustees of
The Public Archives of Nova Scotia-Archival Ancillary and Trust Funds

We have reviewed the balance sheet of The Public Archives of Nova Scotia-Archival Ancillary and Trust Funds (Archives) as at March 31, 2002 and the statements of changes in net assets and revenue and expenditures for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Archives.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

PRICE,WATERHOUSE,COOPERS LLP
Chartered Accountants

June 14, 2002

Unaudited

PUBLIC ARCHIVES OF NOVA SCOTIA - ARCHIVAL ANCILLARY AND TRUST FUNDS

Balance Sheet
As at March 31, 2002

	Endowment Fund, Collections	Archival Ancillary Fund	2002 Total	2001 Total
ASSETS				
Current assets				
Cash	$ 4,500	$ 63,828	$ 68,328	$ 101,434
Marketable securities	34,805	52,873	87,678	94,492
Amount held in trust by Province of Nova Scotia	58,452	—	58,452	61,022
	97,757	116,701	214,458	256,948
Equipment (note 3)	—	48,890	48,890	30,981
	$ 97,757	$ 165,591	$ 263,348	$ 287,929
LIABILITIES				
Current liabilities				
Amounts payable and accrued liabilities	$ —	$ 4,140	$ 4,140	$ 3,000
Deferred revenue	—	38,785	38,785	48,727
	—	42,925	42,925	51,727
Net assets				
Endowments	66,100	—	66,100	66,100
Earnings on endowments	31,657	—	31,657	37,963
Invested in equipment	—	48,890	48,890	30,981
Unrestricted	—	73,776	73,776	101,158
	97,757	122,666	220,423	236,202
	$ 97,757	$ 165,591	$ 263,348	$ 287,929

Statement of Changes in Net Assets
For the Year ended March 31, 2002

	Endowment Fund, Collections	Archival Ancillary Fund	2002 Total	2001 Total
Net assets - Beginning of year	$ 104,063	$ 132,139	$ 236,202	$ 225,523
Excess of revenue over expenditures (expenditures over revenue) for the year	(6,306)	(9,473)	(15,779)	10,679
Net assets - End of Year	$ 97,757	$ 122,666	$ 220,423	$ 236,202

Unaudited

PUBLIC ARCHIVES OF NOVA SCOTIA - ARCHIVAL ANCILLARY AND TRUST FUNDS

Statement of Revenue and Expenditures for the Year Ended March 31, 2002

	Endowment Fund, Collections	Archival Ancillary Fund	2002 Total	2001 Total
Revenue				
Reprographic and other recoveries	$ —	$ 53,212	$ 53,212	$ 50,105
Funding for special collections maintenance	—	117,545	117,545	95,382
Interest	3,694	2,881	6,575	12,043
	3,694	173,638	177,332	157,530
Expenditures				
Amortization	—	9,255	9,255	4,536
Color film cold storage vault		6,000	6,000	—
Conferences and seminars	—	4,040	4,040	3,047
Equipment repair and maintenance	—	708	708	1,882
Freight and express	—	82	82	748
General operating	—	7,203	7,203	7,814
Membership dues	—	35	35	230
Miscellaneous	—	2,241	2,241	4,614
Other services	—	2,106	2,106	5,253
Printing and stationery	—	113	113	730
Professional services	—	10,467	10,467	17,083
Reception renovations	—	19,742	19,742	—
Special collections maintenance	10,000	117,545	127,545	95,382
Staff training	—	100	100	2,005
Subscriptions and periodicals	—	739	739	—
Travel	—	2,735	2,735	3,527
	10,000	183,111	193,111	146,851
Excess of revenue over expenditures (expenditures over revenue) for the year	$ (6,306)	$ (9,473)	$ (15,779)	$ 10,679

PUBLIC ARCHIVES OF NOVA SCOTIA - ARCHIVAL ANCILLARY AND TRUST FUNDS

Notes to Financial Statements
For the year ended March 31, 2002

1. Status and nature of activities

The Archives, a provincially-owned entity, is primarily responsible for acquiring and preserving the corporate memory of government and documentary heritage of the Province. The Archives is both a deposit library for publications of the Government of Nova Scotia and a historical research facility.

Three trust funds, the Blakely, Fergusson, and Shand, have been endowed to, and are controlled by, the Archives.

2. Significant accounting policies

The accounting policies of the Archives for the Archival Ancillary and Trust funds are established and maintained in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and movements of funds during the year. Actual results could differ from these estimates.

Fund accounting

The Archives uses fund accounting to prepare its financial statements. Fund balances include balances invested in endowments, equipment and unrestricted balances.

The Archival Ancillary Fund accounts for reprographic and other revenue, recoveries, interest on trust funds and other special items and equipment.

The Endowment Fund, Collections accounts for endowment contributions, assets, liabilities, revenues and expenditures related to the acquisition of collections.

Financial instruments

Financial instruments are stated at cost, or at cost less amounts written off to reflect a permanent decline in value, and where there is a fixed rate of return, accrued interest is included in book value. The fair value of these financial instruments approximates their carrying values, due to the short-term nature of these instruments.

Revenue recognition

The Archives follows the restricted fund method of accounting for contributions, which include designated contributions from the public, bequests and Government support.

Unrestricted contributions are recognized as revenue when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Restricted and endowment contributions are recognized as revenue, in the related fund, when received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Contributions received for projects not completed at year-end are shown as deferred revenue to the extent that contributions exceed expenditures to date on these projects.

Equipment

Purchased equipment is recorded at cost. When an asset no longer contributes to the Archives' ability to provide services, its carrying amount is written down to its residual value.

Equipment is amortized using the following methods at the following rates:

Computer software	straight-line 10 years
Microfilm and computer equipment	straight-line 5 years
Furniture and other office equipment	straight-line 10 years

3. Equipment

	2002			2001
	Cost	Accumulated amortization	Net	Net
Computer software	$ 17,262	$ 5,179	$ 12,083	$ 13,810
Computer equipment	16,826	2,357	14,469	—
Microfilm equipment	23,978	9,981	13,997	16,001
Furniture	7,721	420	7,301	—
Other office equipment	1,300	260	1,040	1,170
	$ 67,087	$ 18,197	$ 48,890	$ 30,981

AUDITOR'S REPORT

To the Minister of Justice; and
To the Public Trustee

I have audited the balance sheet of the Public Trustee Trust Funds as at March 31, 2002 and the statement of continuity of assets for the year then ended. These financial statements are the responsibility of the Public Trustee. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many trust funds, it is not possible to verify by audit procedure that all the assets of any given trust or income earned on trust assets came under the administration of or were recorded by the Public Trustee. Accordingly, my verification of trust assets was limited to those recorded in the records.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to verify the completeness of assets of the trust funds, these financial statements present fairly, in all material respects, the financial position of the Public Trustee Trust Funds as at March 31, 2002 and the continuity of assets for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 23, 2002

PROVINCE OF NOVA SCOTIA
PUBLIC TRUSTEE TRUST FUNDS

Balance Sheet
as at March 31, 2002

	2002	2001
ASSETS		
Estates and Trusts		
Cash	$ 667,901	$ 1,079,254
Securities, real estate and other assets (Note 3)	19,860,851	17,288,339
Common Fund securities (Note 4)	1,414,794	1,249,794
	21,943,546	19,617,387
Special Reserve Fund (Note 5)		
Cash and securities	1,358,378	1,292,263
	$ 23,301,924	$ 20,909,650
LIABILITIES		
Estates and Trusts		
Estates and trusts balances	$ 21,943,546	$ 19,617,387
Special Reserve Fund (Note 5)		
Restricted funds	1,299,008	1,223,171
Funds transferable to Province of Nova Scotia	59,370	69,092
	1,358,378	1,292,263
	$ 23,301,924	$ 20,909,650

PROVINCE OF NOVA SCOTIA
PUBLIC TRUSTEE TRUST FUNDS

Statement of Continuity of Assets
For The Year Ended March 31, 2002

	Estates and Trusts	Special Reserve Fund	Fees Earned	2002 Total	2001 Total
Balance, beginning of year	$ 19,617,387	$ 1,292,263	$ —	$ 20,909,650	$ 19,455,230
Add:					
Assets acquired during the year	11,777,603	—	—	11,777,603	12,737,683
Income earned	794,516	—	—	794,516	789,182
Fees earned	—	—	442,321	442,321	462,175
Interest earned on Special Reserve Fund investments	—	59,370	—	59,370	69,092
Excess interest transferred from Common Fund	—	75,837	—	75,837	87,129
	12,572,119	135,207	442,321	13,149,647	14,145,261
Less:					
Distributions of estates and trusts	10,195,468	—	—	10,195,468	11,851,306
Transfers to the Province Fees	—	—	442,321	442,321	462,175
Undistributable estates and trusts (per Section 28)	50,492	—	—	50,492	320,789
Investment income earned on Special Reserve Fund	—	69,092	—	69,092	56,571
	10,245,960	69,092	442,321	10,757,373	12,690,841
Balance, end of year	$ 21,943,546	$ 1,358,378	$ —	$ 23,301,924	$ 20,909,650

Notes to Financial Statements
March 31, 2002

1. Authority

The Office of the Public Trustee was established pursuant to the Public Trustee Act. The Public Trustee is empowered to perform the duties of a guardian, custodian, trustee, and executor or administrator of an estate. All investments by the Public Trustee are to be made in accordance with the Trustee Act.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, modified by the following policies.

a) The Office of the Public Trustee uses a cash basis of accounting. These financial statements do not include accrued interest and other receivables, as well as accrued fees and other payables.

b) The market value of stocks and bonds at year end is not disclosed in the financial statements.

3. Securities, Real Estate and Other Assets

Securities consist of deposit certificates, bonds, debentures and stocks. Securities purchased by the Public Trustee are valued at cost. Securities taken over by the Public Trustee are valued at market value as at the date of death for estates of deceased persons or as at the date that control is assumed for all other estates.

The Public Trustee is responsible for administering certain other assets such as real estate, personal effects and chattels. Real estate is valued at estimated market value based on annual assessments for municipal tax purposes. Personal effects and chattels are valued at estimated market value as at the date control is assumed. If market value is not readily ascertainable, they are each recorded at a nominal value of $1.

4. Common Fund Securities

Section 30 of the Public Trustee Act permits the Public Trustee to invest monies, not subject to any express trust or direction for investment thereof, in a Common Fund. Investments of the Common Fund are valued at cost.

5. Special Reserve Fund

Section 32 of the Public Trustee Act provides for the establishment of a Special Reserve Fund. The purposes of the Fund are to provide for any deficiencies between income earned on investments of the Common Fund and interest required to be paid to estates comprising the Common Fund; and also to provide for any deficiency between the aggregate amount of sums invested and the realized value of investments of the Common Fund.

The Fund consists of investment income earned on Common Fund securities in excess of interest paid to Common Fund estates. Income earned on securities held in the Special Reserve Fund also forms part of the Fund.

Income earned on securities held in the Special Reserve Fund is eligible for transfer to the Province. The remainder of the Fund is restricted to the purposes described above.

6. **Operating Costs**

Operating costs of the Office of the Public Trustee are absorbed by various government departments and are not reflected in the statement of continuity of assets. These costs are offset by fees charged for administering estates and by investment income.

	2002	2001
Department of Justice		
- Salaries and benefits	$ 593,596	$ 590,536
- Other operating costs	33,978	39,300
- Rent	41,519	—
Department of Transportation and Public Works		
- Rent	—	35,765
	669,093	665,601
Less transfers to Province		
- Fees	442,321	462,175
- Special Reserve Fund income	69,092	56,571
	511,413	518,746
Net cost to the Province	$ 157,680	$ 146,855

AUDITORS' REPORT

To the Board of Directors of
Resource Recovery Fund Board Inc.

We have audited the statement of financial position of Resource Recovery Fund Board Inc. as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

GRANT THORTON LLP
Chartered Accountants

Truro, Nova Scotia
May 15, 2002

RESOURCE RECOVERY FUND BOARD INC.

Statement of Operations
Year ended March 31, 2002

	2002	2001
Revenues		
Deposits		
Gross revenues from deposits	$ 28,965,713	$ 26,068,255
Less: Harmonized sales tax	(3,823,437)	(3,397,546)
	25,142,276	22,670,709
Sales of recyclable materials	3,493,840	3,790,780
Stewardship	150,328	802
Tire program	2,966,619	2,781,057
Total revenues	31,753,063	29,243,348
Cost of sales		
Inventory, beginning of year	74,724	101,116
Deposit refunds	10,703,163	9,822,750
Enviro-Depot handling fees	6,447,877	5,923,382
Local cartage	818,734	911,893
Regional processing	808,456	754,705
Freight-in	119,235	79,971
Central processing expenses (Page 440)	422,377	408,245
Non-deposit materials	29,889	25,611
Used tires	2,240,283	1,725,393
Derelict vehicle program	18,214	17,310
Paint/Household Hazardous Waste program	144,404	165,523
	21,827,356	19,935,899
Less inventory, end of year	91,461	74,724
	21,735,895	19,861,175
Gross margin	10,017,168	9,382,173
Administrative expenses (Page 440)	1,117,168	1,248,688
Operating income	8,900,000	8,133,485
Decrease in equity interest of an affiliated company	—	(43,786)
Interest and other income	505,776	595,042
Excess of revenues over expenses	$ 9,405,776	$ 8,684,741

See accompanying notes to the financial statements.

RESOURCE RECOVERY FUND BOARD INC.

Statement of Financial Position
March 31, 2002

	2002	2001
ASSETS		
Current		
Cash and cash equivalents	$ 12,687,844	$ 12,149,093
Receivables	3,089,938	2,486,693
Accrued interest receivable	18,143	47,839
Inventory	91,461	74,724
Prepaids	42,270	2,922
	15,929,656	14,761,271
Investment at cost	7,000	7,000
Equipment (Note 3)	748,069	667,174
Organizational costs, net of accumulated amortization	31,749	47,990
	$ 16,716,474	$ 15,483,435
LIABILITIES		
Current		
Payables and accruals	$ 3,161,057	$ 2,830,077
Municipal solid waste diversion credits payable	5,319,008	5,071,031
Unearned revenue	3,502,400	3,155,100
	11,982,465	11,056,208
NET ASSETS (Page 436)		
Invested in capital assets	779,818	715,164
Invested in value added manufacturing	7,000	7,000
Restricted for future projects	1,609,507	1,109,507
Restricted for approved programs	2,337,684	2,595,556
	4,734,009	4,427,227
	$ 16,716,474	$ 15,483,435

Commitments (Note 5)

See accompanying notes to the financial statements.

RESOURCE RECOVERY FUND BOARD INC.

Statement of Changes in Net Assets
Year Ended March 31, 2002

Net Assets	Invested in Capital Assets	Invested in Value-added Manufacturing	Restricted for Future Projects	Restricted for Approved Programs	Net Revenues	Total 2002	Total 2001
Balance, beginning of year	$ 715,164	$ 7,000	$ 1,109,507	$ 2,595,556	$ —	$ 4,427,227	$ 5,470,640
Excess of revenue over expenses	(188,285)	—	—	—	9,594,061	9,405,776	8,684,741
Investment in capital assets	252,939	—	—	—	(252,939)	—	—
	779,818	7,000	1,109,507	2,595,556	9,341,122	13,833,003	14,155,381
Internally imposed restrictions	—	—	—	4,670,561	(4,670,561)	—	—
Payments during the year							
Education and awareness	—	—	—	(1,176,237)	—	(1,176,237)	(1,097,925)
Regional co-ordinators	—	—	—	(230,528)	—	(230,528)	(226,770)
Approved programs	—	—	500,000	(2,587,556)	648,447	(1,439,109)	(2,797,428)
Nova Scotia Department of Environment & Labour	—	—	—	(934,112)	—	(934,112)	(535,000)
Allocation to Municipal solid waste diversion payable	—	—	—	—	(5,319,008)	(5,319,008)	(5,071,031)
Balance, end of year	$ 779,818	$ 7,000	$ 1,609,507	$ 2,337,684	$ —	$ 4,734,009	$ 4,427,227

See accompanying notes to the financial statements

RESOURCE RECOVERY FUND BOARD INC.

Statement of Cash Flows
year ended March 31, 2002

	2002	2001
Increase (decrease)in cash and cash equivalents:		
Operating		
Excess of revenues over expenses	$ 9,405,776	$ 8,684,741
Decrease in equity interest of an affiliated company	—	43,786
Depreciation and amortization	218,073	372,801
(Gain) loss on sale of equipment	(29,788)	2,887
	9,594,061	9,104,215
Change in non-cash operating working capital		
Receivables	(573,549)	47,649
Inventory	(16,737)	26,392
Prepaids	(39,348)	(2,922)
Payables and accruals	578,957	956,484
Unearned revenue	347,300	(20,400)
	9,890,684	10,111,418
Investing		
Proceeds from sale of equipment	63,676	—
Purchase of		
Equipment	(291,530)	(187,050)
Organizational costs	(25,085)	(6,664)
Investment - value added manufacturing	—	253,400
	(252,939)	59,686
Allocation of net assets to:		
Municipal solid waste diversion	(5,319,008)	(5,071,031)
Approved programs	(3,779,986)	(4,657,123)
	(9,098,994)	(9,728,154)
Net increase in cash and cash equivalents	538,751	442,950
Cash and cash equivalents,beginning of year	12,149,093	11,706,143
Cash and cash equivalents, end of year	$ 12,687,844	$ 12,149,093

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2002

1. Nature of operations

The Resource Recovery Fund Board Inc. is a not-for-profit company established by the Nova Scotia government to manage a substantial portion of the Province's Solid Waste-Resource Management Regulations.

2. Summary of signification accounting policies

Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Field equipment	20%	straight-line
Office and warehouse equipment	20%	straight-line
Computer hardware and software	33 1/3%	straight-line
Containers		
- Bags	33 1/3%	straight-line
- Tubs	10%	straight-line
Vehicles	33 1/3%	straight-line

Inventory

Inventory is valued at the lower of cost and net realizable value.

Unearned revenue

Unearned revenue represents deposits received from distributors for beverage containers that have not been returned for redemption. Unearned revenue consists of deposits received in the last sixty (60) days adjusted by the current year return rate.

Organizational costs

Organizational costs for new programs are amortized on a straight line basis over five years.

Income taxes

The company is exempt from income taxes under Section 149(I)(d) of the Canadian Income Tax Act.

Revenue recognition

Resource Recovery Fund Board Inc. follows the deferral method of accounting for revenue.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments with maturity dates of 90 days or less. Bank borrowings are considered to be financing activities.

Financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, accrued interest receivable, an investment, payables and accruals and municipal solid waste diversion credits payable. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments. The fair market value of these financial instruments approximate their carrying values.

3. Equipment

	Cost	Accumulated Depreciation	2002 Net Book Value	2001 Net Book Value
Field Equipment	$ 233,052	$ 83,297	$ 149,755	$ 60,512
Office and warehouse equipment	87,526	66,458	21,068	21,594
Leasehold Improvements	12,407	4,183	8,224	7,292
Containers	922,155	478,133	444,022	486,947
Computer hardware and software	409,871	343,007	66,864	85,287
Vehicles	83,700	25,564	58,136	5,542
	$ 1,748,711	$ 1,000,642	$ 748,069	$ 667,174

4. Banking facilities

The company has an operating line of credit of $2,500,000, all of which is unused at March 31, 2002.

5. Commitments

The company has entered into agreements to lease office space and a warehouse. Minimum rent payable for the next five years on these leases are as follows:

2003	$ 99,088
2004	$ 99,088
2005	$ 99,088
2006	$ 96,164
2007	$ 10,067

RESOURCE RECOVERY FUND BOARD INC.

Schedule of Central Processing Expenses
Year Ended March 31, 2002

	2002	2001
Building expenses	$ 38,403	$ 42,621
Depreciation and amoritzation	131,404	126,133
Insurance	968	788
Meetings and travel	18,345	9,137
Postage and delivery	3,878	6,924
Propane - forklift	1,919	1,934
Repairs and maintenance - bulk bags	30,953	42,085
Repairs and maintenance - equipment	5,397	7,207
Salaries and benefits	128,359	119,943
Shipping supplies	53,262	37,324
Telecommunications	8,375	9,841
Vehicle expense	1,114	4,308
	$ 422,377	$ 408,245

Schedule of Administrative Expenses
Year Ended March 31

	2002	2001
Bad debt expense	$ —	$ 10,417
Bank charges	6,041	6,001
Board fees and expenses	62,328	56,814
Building expenses	67,751	66,536
Depreciation and amortization	45,342	191,880
Dues and fees	6,863	4,740
Equipment lease or rent	5,331	4,865
Insurance	4,228	3,633
Meetings and travel	43,589	46,992
Office expense	11,254	6,596
Postage and delivery	18,356	9,852
Printing and stationery	6,628	6,298
Professional fees	127,464	116,049
Public relations	48,279	68,174
Salaries and benefits	501,200	481,536
Software development and support	124,602	127,912
Telecommunications	31,181	26,997
Training	3,791	9,617
Vehicle expense	2,940	3,779
	$ 1,117,168	$ 1,248,688

AUDITORS' REPORT

To the Members of the
Sherbrooke Restoration Commission

We have audited the balance sheet of Sherbrooke Restoration Commission as at March 31, 2002 and the statements of operations, fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002, and the results of its operations and cash flows for the year then ended in accordance with the accounting principles adopted for museum boards in the Province of Nova Scotia.

DELOITTE & TOUCHE LLP
Chartered Accountants

May 23, 2002

SHERBROOKE RESTORATION COMMISSION

Balance Sheet
as at March 31, 2002

	2002	2001
ASSETS		
Current		
Cash (Note 2)	$ 37,491	$ 33,022
Guaranteed Investment Certificate - restricted (Note 3)	98,577	96,644
Accounts receivable	62,591	40,311
Inventory (Note 2)	127,611	125,390
Prepaid expense	1,677	11,282
	327,947	306,649
Capital assets, at cost (Note 2)		
Property, buildings and furnishings	4,322,726	4,268,852
	$ 4,650,673	$ 4,575,501
LIABILITIES AND EQUITY		
Current		
Accounts payable	$ 61,304	$ 45,278
Equity		
Investment in capital assets	4,322,726	4,268,852
Reserve for development (Note 3)	98,577	96,644
Operating fund surplus	168,066	164,727
	4,589,369	4,530,223
	$ 4,650,673	$ 4,575,501

Statement of Operations
Year Ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Revenue			
Operating grants			
Board of Governors of the Nova Scotia Museum	$ 957,930	$ 957,930	$ 970,430
Program revenue (Schedule 2)	349,500	366,791	394,247
Other			
Gate admissions	140,000	130,602	137,715
Interest	12,000	10,171	19,581
Miscellaneous	5,800	11,380	18,072
	157,800	152,153	175,368
Total revenue	1,465,230	1,476,874	1,540,045
Expenditures			
General operating (Schedule 1)	563,965	553,957	548,024
Program (Schedule 2)	834,390	865,683	868,099
Capital	66,875	51,962	74,824
Total expenditures	1,465,230	1,471,602	1,490,947
Net revenue	$ —	$ 5,272	$ 49,098

SHERBROOKE RESTORATION COMMISSION

Statement of Fund Balances
Year Ended March 31, 2002

	2002	2001
INVESTMENT IN CAPITAL ASSETS		
Balance, beginning of year	$ 4,268,852	$ 4,189,808
Additions		
Furnishings and equipment	1,912	4,220
Renovations funded out of operations	51,962	74,824
	53,874	79,044
Balance, end of year	$ 4,322,726	$ 4,268,852
OPERATING FUND SURPLUS		
Balance, beginning of year	$ 164,727	$ 187,273
Net revenue	5,272	49,098
	169,999	236,371
Transfer to reserve for development (Note 3)	1,933	71,644
Balance, end of year	$ 168,066	$ 164,727
RESERVE FOR DEVELOPMENT (Note 3)		
Balance, beginning of year	$ 96,644	$ 25,000
Transfer from operating fund surplus	1,933	71,644
Balance, end of year	$ 98,577	$ 96,644

Statement of Cash Flows
Year Ended March 31, 2002

	2002	2001
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net revenue	$ 5,272	$ 49,098
Add capital expenditures charged to operations	53,874	79,044
	59,146	128,142
Changes in non-cash operating capital items (Note 5)	1,130	(30,440)
	60,276	97,702
Investing		
Additions to property, buildings and furnishings	(53,874)	(79,044)
Investment in guaranteed investment certificate	(1,933)	(71,644)
	(55,807)	(150,688)
Net cash inflow (outflow)	4,469	(52,986)
Cash position , beginning of year	33,022	86,008
Cash position , end of year	$ 37,491	$ 33,022
Represented by:		
Cash	$ 37,491	$ 33,022

SHERBROOKE RESTORATION COMMISSION

Notes to the Financial Statements
Year Ended March 31, 2002

1. DESCRIPTION OF OPERATIONS

The Commission operates the Sherbrooke Village Restoration Project. It is accountable to the Board of Governors of the Nova Scotia Museum for all disbursements made out of monies received by the Commission.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting policies considered appropriate for the museums of Nova Scotia. The more significant of these accounting policies are summarized below:

a) Fund Accounting

The assets and liabilities of the Commission are segregated into two funds - Operating and Investment in Property, Buildings and Furnishings. The Operating Fund assets and liabilities are those which are used for the general operations of the Commission. The Investment in Property, Buildings and Furnishings Fund comprises assets of enduring benefit and any related debt.

b) Amortization

Amortization is not recorded on the capital assets.

c) Capital Assets

Capital assets reflect all expenditures of the Commission from June 15, 1971 to March 31, 1974 and all expenditures of a capital nature thereafter. These capital expenditures have been made by the Commission on behalf of the Province of Nova Scotia, with the Province being the beneficial owner of the assets.

d) Inventory

Inventories of finished goods for resale and raw materials are accounted for at the lower of cost and market.

e) Cash

Cash consists of amounts held at financial institutions.

3. GUARANTEED INVESTMENT CERTIFICATE

During the year, the Sherbrooke Restoration Commission internally restricted $1,933 for the Sherbrooke Village Development Fund. This brings the total of internally restricted cash to $98,577. This fund will be for capital items that will fulfil the long-term objectives of the Commission, such as enhancements.

4. PENSION PLAN

The Commission has a defined benefit pension plan which covers all permanent employees. The plan is contributory and provides retirement benefits based on length of service and average earnings as defined. The last actuarial valuation was carried out in 2001, and covered the financial position of the plan as at December 31, 2000. At that time, the assets of the plan amounted to $802,000 and the liabilities amounted to $742,000, with the result that the plan had a surplus of $60,000 at that date.

Since the last actuarial report there has been one change to the Plan affecting costs. Effective January 1, 2001, the pension benefit formula for pension benefit accrual prior to January 1, 1990 has been changed from career average basis to a final average basis for each year of pensionable service. The resulting pension benefit formula is 2% of the member's final average earnings for all years of pensionable service.

The cost of this plan improvement is $12,900 at December 31, 2000.

The significant actuarial assumptions adopted in measuring the Commission's accrued benefit obligations at January 1, 2001 are as follows:

Expected long-term rate of return on plan assets	7%
Rate of compensation increases	4.5%

The following contributions were made to the pension plan during 2001:

Employer contributions	US31,892
Employee contributions	US22,623

Pension expense for the year-ended March 31, 2002 is $31,892.

5. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2002	2001
Accounts receivable	$ (22,280)	$ (5,769)
Inventory	(2,221)	(21,636)
Prepaid expenses	9,605	(8,962)
Accounts payable	16,026	5,927
	$ 1,130	$ (30,440)

SHERBROOKE RESTORATION COMMISSION

Schedule 1

Schedule of General Operating Expenditures
Year Ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Advertising and brochures	$ 23,000	$ 22,452	$ 22,151
Bad debts	—	—	1,878
Freight	2,000	872	2,797
Heat, light and power	64,000	54,701	56,538
Insurance and taxes	4,800	4,299	3,882
Interest and bank charges	2,600	2,659	2,456
Maintenance supplies	17,000	24,729	20,395
Miscellaneous	7,700	13,776	11,718
Motor vehicles	4,000	6,585	5,682
Office supplies and postage	17,000	13,792	15,420
Sewer and water	40,000	34,775	34,293
Professional fees	7,000	8,731	7,679
Property maintenance and security salaries	101,505	105,190	106,616
Pension plan and other benefits	73,000	73,006	55,149
Salaries and wages - Administration	139,360	135,266	140,348
Staff and Commission training	12,000	3,966	9,066
Special projects wages	—	384	(194)
Telephone	16,000	15,269	15,465
Travel	10,000	12,248	11,573
Workers' compensation	23,000	21,257	25,112
	$ 563,965	$ 553,957	$ 548,024

Schedule of Program Revenue and Expenditures
Year Ended March 31, 2002

Schedule 2

	2002 Budget	2002 Net Expenditures	2001 Net Expenditures
Blacksmith shop	$ 11,445	$ 13,825	$ 11,751
Boat shop	800	—	150
Costume shop	26,150	20,806	24,128
Craft shop	27,710	22,522	30,199
Emporium (Schedule 3)	(47,290)	(21,981)	(39,275)
Exhibit operations	1,200	322	241
Jordan barn	43,990	46,882	45,812
Pottery shop	27,700	25,891	29,575
Program management	80,675	81,118	79,262
Restaurant	(2,000)	(751)	612
Print shop	500	668	(138)
Sawmill operations	26,900	19,197	25,892
Ambrotype Studio	9,500	7,397	8,599
Turner shop	23,190	18,025	16,601
Woodworking shop	25,790	37,221	1,248
Education program	(25,000)	(35,150)	(32,736)
Guides	254,620	255,147	271,727
Theatre program	(990)	7,753	204
	$ 484,890	$ 498,892	$ 473,852
Program expenditures	$ 834,390	$ 865,683	$ 868,099
Less: Program revenue	349,500	366,791	394,247
Net expenditures	$ 484,890	$ 498,892	$ 473,852

SHERBROOKE RESTORATION COMMISSION

Schedule 3

Schedule of Retail Operations
Year Ended March 31, 2002

	2002	2001
Revenue		
Sales	$ 168,085	$ 187,341
Cost of goods sold		
Merchandise inventory, opening	33,926	33,856
Purchases	104,399	112,190
Merchandise available for sale	138,325	146,046
Less: Merchandise inventory, ending	30,824	33,926
Cost of goods sold	107,501	112,120
Gross profit on sales	60,584	75,221
Expenses		
Salaries and wages	34,607	30,975
General expense	3,996	4,971
	38,603	35,946
Net retail income	$ 21,981	$ 39,275

AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of
South Shore District Health Authority

We have audited the statement of financial position of the South Shore District Health Authority as at March 31, 2002 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the District Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority as at March 31, 2002 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

June 14, 2002

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Statement of Operations
for the year ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	(Note 16) 2001 Total
Revenue				
Department of Health funding	$ 38,104,916	$ —	$ 38,104,916	$ 11,292,970
Department of Veteran's Affairs	1,640,313	—	1,640,313	387,969
Patient services	1,114,333	—	1,114,333	174,608
Physician funding	1,287,513	—	1,287,513	275,079
Program recoveries and sales	1,497,256	—	1,497,256	263,234
Amortization of deferred capital grants	—	2,355,065	2,355,065	607,557
Other	357,334	9,107	366,441	—
	44,001,665	2,364,172	46,365,837	13,001,417
Expenses				
Administration and support	1,248,519	—	1,248,519	251,390
Addiction	1,376,421	—	1,376,421	339,127
Diagnostic imaging	2,187,849	—	2,187,849	566,055
Environmental	1,552,550	—	1,552,550	383,331
Finance	470,259	—	470,259	113,799
Food & nutritional	2,176,354	—	2,176,354	534,850
Health registry	1,218,713	—	1,218,713	315,761
Human resources	323,572	—	323,572	95,026
Information	696,101	—	696,101	189,613
Laboratory	2,756,003	—	2,756,003	615,752
Materials management	1,021,414	—	1,021,414	273,964
Mental health	2,753,941	—	2,753,941	664,400
Nursing	18,790,537	—	18,790,537	4,462,763
Pharmacy	541,346	—	541,346	126,916
Plant and support	2,363,590	—	2,363,590	667,886
Public health	909,723	—	909,723	281,375
Rehabilitation	743,870	—	743,870	202,349
Other programs	987,642	—	987,642	233,919
Transitional support	431,574	—	431,574	7,456
Employee future benefits	270,254	—	270,254	2,023,211
Amortization of property, plant and equipment	—	2,512,658	2,512,658	597,422
Interest	—	71,589	71,589	16,949
Other programs	1,181,433	11,818	1,193,251	69,625
	44,001,665	2,596,065	46,597,730	13,032,939
Deficiency of revenues over expenses before payment of 2000 -2001 operating deficiency	—	(231,893)	(231,893)	(31,522)
Department of Health funding of 2000 -2001 operating deficency	24,708	—	24,708	—
Excess (deficiency) of revenues over expenses	$ 24,708	$ (231,893)	$ (207,185)	$ (31,522)

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Statement of Financial Position
as at March 31, 2002

ASSETS

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Current				
Cash and cash equivalents (Page 452)	$ —	$ —	$ —	$ 1,176,812
Accounts receivable (Note 4)	7,205,039	1,501,296	8,706,335	5,765,718
Inventory	530,112	—	530,112	565,773
Prepaid expenses	379,797	11,053	390,850	203,158
	8,114,948	1,512,349	9,627,297	7,711,461
Long-term assets (Note 5)	2,622,371	—	2,622,371	2,449,587
Property, plant and equipment				26,866,432
(Note 6)	—	26,824,463	26,824,463	—
	$ 10,737,319	$ 28,336,812	$ 39,074,131	$ 37,027,480

LIABILITIES

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Current				
Bank indebtedness (Note 7)	$ 283,259	$ 610,008	$ 893,267	$ —
Accounts payable and accrued liabilities (Note 8)	6,505,843	367,795	6,873,638	5,296,566
Current portion of long-term debt (Note 9)	—	194,262	194,262	157,865
Revenue received in advance	1,683,722	—	1,683,722	1,637,358
	8,472,824	1,172,065	9,644,889	7,091,789
Long-term debt (Note 9)	—	357,335	357,335	529,753
Employee future benefits (Note 3 and 14)	2,256,131	—	2,256,131	2,023,211
Deferred capital grants (Note 10)	—	26,818,172	26,818,172	27,177,938
	10,728,955	28,347,572	39,076,527	36,822,691

FUND BALANCES

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Restricted (Page 451)	8,364	—	8,364	8,364
Unrestricted (Page 451)	—	(10,760)	(10,760)	196,425
	8,364	(10,760)	(2,396)	204,789
	$ 10,737,319	$ 28,336,812	$ 39,074,131	$ 37,027,480

Commitments (Note 11)
Contingency (Note 15)

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Statement of Changes in Fund Balances
for the year ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	(Note 16) 2001 Total
Restricted Fund Balances				
Balance, beginning of period	$ 8,364	$ —	$ 8,364	$ —
Restricted fund balance transferred from Western Regional Health Board (Note 2)	—	—	—	8,364
Balance, end of period	8,364	—	8,364	8,364
Unrestricted Fund Balances				
Balance, beginning of period	(24,708)	221,133	196,425	—
Unrestricted fund balance transferred from Western Regional Health Board (Note 2)	—	—	—	227,947
Excess (deficiency) revenues over expenses (Page 449)	24,708	(231,893)	(207,185)	(31,522)
Balance, end of period	—	(10,760)	(10,760)	196,425
Total Fund Balances	$ 8,364	$ (10,760)	$ (2,396)	$ 204,789

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Statement of Cash Flows
for the year ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	(Note 16) 2001 Total
Net inflow (outflow) of cash related to the following activities:				
Operating				
Excess (deficiency) of revenues expenses (Page 449)	$ 24,708	$ (231,893)	$ (207,185)	$ (31,522)
Adjusted for:				
Amortization of property, plant and equipment (Page 449)	—	2,512,658	2,512,658	597,422
Amortization of deferred capital grants (Page 449)	—	(2,355,065)	(2,355,065)	(607,557)
Employee future benefits (Note 14)	274,409	—	274,409	2,023,211
Payment of employee future benefits				
Changes in working capital items	(41,489)	—	(41,489)	—
(Note 13)	(728,417)	(740,795)	(1,469,212)	399,275
	(470,789)	(815,095)	(1,285,884)	2,380,829
Financing				
Assumption of long-term debt from Western Regional Health Board	—	—	—	724,900
Proceeds from capital grants (Note 10)	—	1,995,299	1,995,299	27,785,495
Repayment of long-term debt	—	(136,021)	(136,021)	(37,283)
Net increase in restricted fund balance from Western Regional Health Board	—	—	—	8,364
Net increase in unrestricted fund balance from Western Regional Health Board	—	—	—	227,947
	—	1,859,278	1,859,278	28,709,423
Investing				
Investments in long-term assets from Western Regional Health Board	—	—	—	(427,076)
Investment in long-term assets	(172,784)	—	(172,784)	(2,022,511)
Net capital assets of the Western Regional Health Board	—	—	—	(27,402,754)
Acquisition of property, plant and equipment	—	(2,470,689)	(2,470,689)	(64,465)
Proceeds on disposal of property, plant and equipment	—	—	—	3,366
	(172,784)	(2,470,689)	(2,643,473)	(29,913,440)
Net cash inflow(outflow)	(643,573)	(1,426,506)	(2,070,079)	1,176,812
Cash and cash equivalents, beginning of period	360,314	816,498	1,176,812	—
(Bank indebtedness) cash and cash equivalents, end of period	$ (283,259)	$ (610,008)	$ (893,267)	$ 1,176,812

SOUTH SHORE DISTRICT HEALTH AUTHORITY

Notes to the Financial Statements
year ended March 31, 2002

1. DESCRIPTION OF ORGANIZATION

The South Shore District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000 The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001. The District Health Authority's vision: "The people of the South Shore are united for our collective good health and well-being, making our community the health leader in Nova Scoita.

The facilities owned and operated by the District Health Authority are the Fishermen's Memorial Hospital, South Shore Regional Hospital and Queen's General Hospital. In addition, the District Health Authority leases space in other locations to operate certain programs throughout Lunenburg and Queen's counties and supports two (2) Community Health Boards.

2. TRANSFER OF FUND BALANCES

Fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the South Shore District Health Authority effective January 1, 2001, as follows:

		2001
Restricted fund balance transferred from Western Regional Health Board.	$	8,364
Unrestricted fund balance transferred from Western Regional Health Board.	$	227,947

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund reports the assets, liabilities, revenue and expenses related to the South Shore District Health Authority's capital assets and special purposes and endowment funds.

b) Revenue Recognition

The South Shore District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original cost less accumulated amortization. Amortization is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as depreciation of the related assets.

e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and includes stores, pharmacy drugs, medical/surgical, and other general inventory.

f) Employee Future Benefits

Effective April 1, 2001, the District adopted, retroactively with prior years restated, the new recommendations of The Canadian Institute of Chartered Accountants (CICA) with respect to accounting for employee future benefits. The result was an increase in long-term assets of $2,023,211 and an increase in employee future benefits of $2,023,211 for 2001. There were no other effects as the liability was fully funded by the Department of Health.

Under the new method, employee future benefits are determined based on assumptions as outlined in Note 14 and recognized in the period in which benefits are earned by the employee. Prior to the adoption of the new recommendations, employee benefits were recognized as they were paid by the employer.

4. ACCOUNTS RECEIVABLE

	Operating Fund	Capital Fund	2002 Total	2001 Total
Department of Health				
Operating funding	$ 5,748,987	$ —	$ 5,748,987	$ 4,436,201
Transition support program	384,600	—	384,600	188,137
Capital grants	—	446,182	446,182	280,358
Patient care	314,727	—	314,727	255,601
HST rebates	170,217	189,404	359,621	191,235
Extended care facilities	25,926	—	25,926	36,187
Homecare/VON	47,692	—	47,692	37,320
Charitable foundations	26,814	865,710	892,524	211,338
Psychiatric recoveries	58,537	—	58,537	53,311
Federal grant funding	13,062	—	13,062	26,311
Other	414,477	—	414,477	49,719
	$ 7,205,039	$ 1,501,296	$ 8,706,335	$ 5,765,718

5. LONG-TERM ASSETS

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions, and accounts receivable from the Department of Health for employee future benefits.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value 2002	Net Book Value 2001
Land and land improvements	$ 999,176	$ 614,724	$ 384,452	$ 397,859
Building and building service equipment	35,463,429	14,157,957	21,305,472	21,424,759
Equipment	25,558,939	20,892,050	4,666,889	4,414,802
Equipment under capital lease	1,313,835	846,185	467,650	629,012
	$ 63,335,379	$ 36,510,916	$ 26,824,463	$ 26,866,432

7. BANK INDEBTEDNESS

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling $2.7 million. As well, the District Health Authority has available a capital line of credit in the amount of $675,000 with a Canadian chartered bank. As of March 31, 2002, interest charges on any overdraft accounts are prime less 0.75%. There were no amounts owing on these lines at March 31, 2002 as the consolidated bank balance for South Shore District Health Authority, South West District Health Authority, and the Annapolis Valley District Health Authority was positive. Subsequent to year-end, capital bank indebtedness was elimiated through the collection of a receivable from the Department of Health.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund	Capital Fund	2002 Total	2001 Total
Trade payables	$ 867,583	$ 29,339	$ 896,922	$ 872,535
Accrued liabilities	434,584	338,456	773,040	550,878
Vacation pay	2,431,683	—	2,431,683	2,182,094
Salary and benefits	2,736,759	—	2,736,759	1,657,222
Other	35,234	—	35,234	33,837
	$ 6,505,843	$ 367,795	$ 6,873,638	$ 5,296,566

9. LONG-TERM DEBT

	2002	2001
Obligations Under Capital Leases - interest between 0% and 11%, maturing between 2005 and 2006	$ 551,597	$ 687,618
Current portion	(194,262)	(157,865)
	$ 357,335	$ 529,753

Estimated minimum principal repayments over the next five years are expected to be as follows:

2003	2004	2005	2006	2007
$ 194,262	$ 194,834	$ 152,406	$ 10,095	$ —

10. DEFERRED CAPITAL GRANTS

	2002	2001
Balance, beginning of period	$ 27,177,938	$ —
Transferred from Western Regional Health Board	—	27,153,655
Grant received for:		
Capital assets purchased	1,888,097	62,675
Future capital asset purchases	107,202	569,165
	29,173,237	27,785,495
Amortization of deferred capital grants	(2,355,065)	(607,557)
Balance, end of period	$ 26,818,172	$ 27,177,938

11. COMMITMENTS

Leases and Purchase Commitments

The South Shore District Health Authority has committed funds from operations for the purchase of lab reagents, occupancy and equipment leases. Estimated minimum lease payments over the next five years are expected to be as follows:

2003	2004	2005	2006	2007
$ 400,543	$ 345,911	$ 271,854	$ 59,664	$ 48,563

12. PENSION PLAN

The South Shore District Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 2000 and showed an unfunded liability for the entire plan of $nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 2000 and showed an unfunded liability for the entire plan of $nil. The South Shore District Health Authority bears no financial responsibility for any unfunded liability of either plan.

13. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	2002 Total	2001 Total
Accounts receivable	$ (1,883,287)	$ (1,057,330)	$ (2,940,617)	$ (5,765,718)
Inventory	35,661	—	35,661	(565,773)
Prepaid expenses	(199,510)	11,818	(187,692)	(203,158)
Accounts payable and accrued liabilities	1,272,355	304,717	1,577,072	5,296,566
Revenue received in advance	46,364	—	46,364	1,637,358
	$ (728,417)	$ (740,795)	$ (1,469,212)	$ 399,275

14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the South Shore District Health Authority, upon retirement. The most recent actuarial valuation was for the years ended March 31, 2001 and March 31, 2002.

Financial position of the program as follows:

Continuity Schedule	2001-2002	2000-2001
Liability, Beginning of Year	$ 2,023,211	$ 1,961,750
Current Service Costs	130,700	27,088
Interest on Liability	138,100	32,141
Benefits Paid Out To Retirees	(41,489)	—
Current Year Amortized Loss	5,609	2,232
Liability, End of Year	$ 2,256,131	$ 2,023,211
	(estimated)	

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2002 were calculated using the projected benefit method based on membership information provided by the Nova Scotia Association of Health Organizations ("NSAHO") as of December 31, 2000. The discount rate used was 7.05% and the salary growth rate 3.65% per year, plus promotional scale. The net expenditure related to these employee future benefits was $270,254 for the year.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the South Shore District Health Authority will be fully funded by the Province of Nova Scotia, up to and including March 31, 2002.

15. CONTINGENCY

The South Shore District Health Authority has yet to reach a collective agreement with the employees of the NSGEU Clerical and NSGEU Drug Dependency/Public Health Unions. The most recent collective agreement expired March 31, 2001. Although a retroactive wage adjustment is likely to cover the period from April 1, 2001 to March 31, 2002, it has been determined by management that such an amount cannot be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the South Shore District Health Authority.

16. COMPARATIVE FIGURES

Comparative figures for fiscal 2001 reflect three months of operations for South Shore District Health Authority.

AUDITORS' REPORT

To the Chairman and Members of the Board of Directors of
South West Nova District Health Authority

We have audited the statement of financial position of the South West Nova District Health Authority as at March 31, 2002 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the District Health Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District Health Authority as at March 31, 2002 and the results of its operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

June 14, 2002

SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY

Statement of Operations
for the year ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	2001 Total
Revenue				
Department of Health funding	$ 45,899,965	$ —	$ 45,899,965	$ 14,913,880
Department of Veteran's Affairs	1,318,896	—	1,318,896	280,350
Patient services	996,660	—	996,660	186,311
Physician funding	1,280,829	—	1,280,829	303,824
Program recoveries and sales	3,361,234	—	3,361,234	619,209
Amortization of deferred capital grants	—	2,726,949	2,726,949	819,848
Other	439,184	258	439,442	87,136
	53,296,768	2,727,207	56,023,975	17,210,558
Expenses				
Administration and support	1,535,185	—	1,535,185	283,248
Addiction	1,146,960	—	1,146,960	325,547
Diagnostic imaging	2,431,763	—	2,431,763	658,309
Environmental	2,431,610	—	2,431,610	686,831
Finance	540,833	—	540,833	138,153
Food & nutritional	3,808,072	—	3,808,072	950,274
Health registry	1,162,927	—	1,162,927	312,178
Human resources	394,669	—	394,669	116,940
Information	1,029,964	—	1,029,964	230,202
Laboratory	3,627,358	—	3,627,358	951,386
Materials management	1,238,854	—	1,238,854	332,592
Mental health	2,955,107	—	2,955,107	780,425
Nursing	20,947,757	—	20,947,757	4,928,807
Pharmacy	514,671	—	514,671	125,537
Plant and support	3,667,460	—	3,667,460	1,080,231
Rehabilitation	671,999	—	671,999	206,799
Other programs	1,368,849	—	1,368,849	165,918
Public health	1,376,587	—	1,376,587	422,282
Employee future benefits	362,493	—	362,493	3,053,507
Amortization of property, plant and equipment	—	2,882,941	2,882,941	742,312
Other	2,040,545	16,387	2,056,932	690,123
	53,253,663	2,899,328	56,152,991	17,181,601
Excess (deficiency) of revenues over expenses before payment of 2000-2001 operating deficiency	43,105	(172,121)	(129,016)	28,957
Department of Health funding of 2000-2001 operating deficiency	42,492	—	42,492	—
Excess (deficiency) of revenues over expenses	$ 85,597	$ (172,121)	$ (86,524)	$ 28,957

SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY

Statement of Financial Position
as at March 31, 2002

ASSETS

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Current				
Accounts receivable (Note 4)	$ 7,081,271	$ 1,631,122	$ 8,712,393	$ 8,836,476
Inventory	772,342	—	772,342	742,395
Prepaid expenses	303,921	72,894	376,815	214,342
	8,157,534	1,704,016	9,861,550	9,793,213
Long-term assets (Note 5)	3,499,853	—	3,499,853	3,129,487
Property, plant and equipment (Note 6)	—	58,290,683	58,290,683	58,846,389
	$ 11,657,387	$ 59,994,699	$ 71,652,086	$ 71,769,089

LIABILITIES

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Current				
Bank indebtedness (Note 7)	$ 33,050	$ 314,244	$ 347,294	$ 2,078,628
Accounts payable and accrued liabilities (Note 8)	6,325,740	258,892	6,584,632	5,324,060
Current portion of long-term debt (Note 9)	—	5,448	5,448	5,448
Revenue received in advance	1,885,345	—	1,885,345	1,799,698
	8,244,135	578,584	8,822,719	9,207,834
Long-term debt (Note 9)	—	12,560	12,560	18,008
Employee future benefits (Note 3 and 14)	3,299,930	—		3,053,507
Deferred capital grants (Note 10)	—	58,841,439	58,841,439	58,727,778
	11,544,065	59,432,583	70,976,648	71,007,127

FUND BALANCES

	Operating Fund	Capital Fund	2002 Total	(Note 3 f) 2001 Total
Restricted (Page 461)	70,217	10,645	80,862	80,862
Unrestricted (Page 461)	43,105	551,471	594,576	681,100
	113,322	562,116	675,438	761,962
	$ 11,657,387	$ 59,994,699	$ 71,652,086	$ 71,769,089

Commitments (Note 11)
Contingency (Note 15)

SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY

Statement of Changes in Fund Balances
for the year ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	(Note 17) 2001 Total
Restricted Fund Balances				
Balance, beginning of period........	$ 70,217	$ 10,645	$ 80,862	$ —
Restricted fund balance transferred from Western Regional Health Board	—	—	—	80,862
Balance, end of period..............	70,217	10,645	80,862	80,862
Unrestricted Fund Balances				
Balance, beginning of period.........	(42,492)	723,592	681,100	—
Unrestricted fund balance transferred from Western Regional Health Board	—	—	—	652,143
Excess (deficiency) of revenues over expenses (Page 459)..........	85,597	(172,121)	(86,524)	28,957
Balance, end of period..............	43,105	551,471	594,576	681,100
Total Fund Balances..............	$ 113,322	$ 562,116	$ 675,438	$ 761,962

SOUTH WEST NOVA DISTRICT HEALTH AUTHORITY

Statements of Cash Flows
for the year ended March 31, 2002

	Operating Fund	Capital Fund	2002 Total	(Note 17) 2001 Total
Net inflow (outflow) of cash related to the following activities:				
Operating				
Excess (deficiency) of revenues over expenses $	85,597 $	(172,121)$	(86,524) $	28,957
Adjusted for:				
Amortization of property, plant and equipment (Page 459)	—	2,882,941	2,882,941	742,312
Amortization of deferred capital grants (Page 459)	—	(2,726,949)	(2,726,949)	(819,848)
Employee future benefits (Note 14)	373,373	—	373,373	3,053,507
Payment of employee future benefits	(126,950)	—	(126,950)	—
Changes in working capital items (Note 13)	1,347,594	(69,712)	1,277,882	(2,669,455)
	1,679,614	(85,841)	1,593,773	335,473
Financing				
Assumption of long-term debt from Western Regional Health Board	—	—	—	24,818
Proceeds from capital grants (Note 10)	—	2,840,610	2,840,610	59,547,626
Repayment of long-term debt	—	(5,448)	(5,448)	(1,362)
Net increase in restricted fund balance from Western Regional Health Board	—	—	—	80,862
Net increase in unrestricted fund balance from Western Regional Health Board	—	—	—	652,143
	—	2,835,162	2,835,162	60,304,087
Investing				
Investment in long-term assets from Western Regional Health Board	—	—	—	(77,260)
Investments in long-term assets	(370,366)	—	(370,366)	(3,052,227)
Net capital assets of the Western Regional Health Board	—	(2,327,235)	(2,327,235)	(58,542,418)
Acquisition of property, plant and equipment	—	—	—	(1,042,174)
Loss on disposal of property, plant and equipment	—	—	—	(4,109)
	(370,366)	(2,327,235)	(2,697,601)	(62,718,188)
Net cash inflow (outflow)	1,309,248	422,086	1,731,334	(2,078,628)
Bank indebtedness, beginning of period	(1,342,298)	(736,330)	(2,078,628)	—
Bank indebtedness, end of period	$ (33,050)	$ (314,244)	$ (347,294)	$ (2,078,628)

1. DESCRIPTION OF ORGANIZATION

The South West Nova District Health Authority was formed by an Act of the Province of Nova Scotia as assented to by the Lieutenant Governor, on June 8, 2000 The Act came into force by proclamation of the Lieutenant Governor on January 1, 2001.

The facilities owned and operated by the District Health Authority are Digby General Hospital, Roseway Hospital and Yarmouth Regional Hospital. In addition, the District Health Authority leases space in other locations to operate certain programs throughout Digby, Shelburne and Yarmouth counties and supports four (4) Community Health Boards.

2. TRANSFER OF FUND BALANCES

Fund balances of the Western Regional Health Board as at December 31, 2000 were transferred in accordance with the allocation methodology approved by the Department of Health to the South West Nova District Health Authority effective January 1, 2001, as follows:

		2001
Restricted fund balance transferred from Western Regional Health Board	$	80,862
Unrestricted fund balance transferred from Western Regional Health Board	$	652,143

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting policies and include the following significant accounting policies:

a) Fund Accounting

Revenue and expenses related to program delivery and administration are reported in the Operating Fund. The Capital Fund, reports the assets, liabilities, revenue and expenses related to the South West Nova District Health Authority's capital assets, and special purposes and endowment funds.

b) Revenue Recognition

The South West Nova District Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in the restricted Capital Fund balances.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

c) Property, Plant and Equipment

Purchased capital assets are recorded in the Capital Fund at cost. Contributed capital assets are recorded in the Capital Fund at fair value at the date of contribution. Capital assets transferred in under Note 2 are recorded at original costs less accumulated amortization. Amortization on assets under construction is provided once the asset or portion thereof becomes available for use. Amortization is provided on a straight-line basis at the following annual rates:

Land improvements	5 - 10%
Building and building service equipment	2.5 - 10%
Equipment	5 - 20%
Equipment under capital lease	5 - 20%

d) Deferred Capital Grants

Deferred contributions reported in the Capital Fund include grant revenue received from external sources restricted for the purchase of capital assets. Amortization of deferred capital grants is recognized as revenue on the same basis as amortization of the related assets.

e) Inventory

Inventories are recorded at the lower of average cost and replacement cost, and includes medical/surgical, drugs, and other general inventory.

f) Employee Future Benefits

Effective April 1, 2001, the District adopted, retroactively with prior years restated, the new recommendations of The Canadian Institute of Chartered Accounts (CICA) with respect to accounting for employee future benefits. The result was an increase in long-term assets of $3,053,507 and an increase in employee future benefits of $3,053,507 for 2001. There were no other effects as the liability was fully funded by the Department of Health.

Under the new method, eployee future benefits are determined based on assumptions as outlined in Note 14 and recognized in the period in which benefits are earned by the employee. Prior to the adoption of the new recommendations, employee benefits were recognized as they were paid by the employer.

4. ACCOUNTS RECEIVABLE

	Operating Fund	Capital Fund	2002 Total	2001 Total
Department of Health				
Operating funding	$ 3,559,593	$ —	$ 3,559,593	$ 4,649,201
Transition support program	415,615	—	415,615	250,521
Capital grants	—	549,715	549,715	1,207,324
Patient Care	220,241	—	220,241	240,605
HST rebates	273,968	148,079	422,047	376,553
Extended care facilities	1,602,161	—	1,602,161	1,371,645
Homecare/VON	54,965	—	54,965	79,295
Charitable foundations	1,034	133,328	134,362	85,962
Psychiatric recoveries	57,389	—	57,389	51,782
Other	896,305	800,000	1,696,305	523,588
	$ 7,081,271	$ 1,631,122	$ 8,712,393	$ 8,836,476

5. LONG-TERM ASSETS

Long-term assets are comprised of employee advances to accommodate the change in pay dates, as a result of payroll conversions and accounts receivable from the Department of Health for employee future benefits.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value 2002	Net Book Value 2001
Land and land improvements	$ 862,453	$ 111,380	$ 751,073	$ 763,555
Building and service equipment	75,108,498	20,885,045	54,223,453	54,228,315
Equipment	15,057,559	11,760,861	3,296,698	3,824,832
Equipment under capital lease	51,147	31,688	19,459	29,687
	$ 91,079,657	$ 32,788,974	$ 58,290,683	$ 58,846,389

7. BANK INDEBTEDNESS

The District Health Authority has available operating lines of credit with a Canadian chartered bank totalling $3.2 million. As well, the District Health Authority has available a capital line of credit totalling $800,000 with a Canadian chartered bank. As of March 31, 2002, interest charges on any overdraft accounts are prime less .75%. There were no amounts owing on these lines at March 31, 2002 as the consolidated bank balance for South Shore District Health Authority, South West Nova District Health Authority, and the Annapolis Valley District Health Authority was positive. Subsequent to year-end, capital bank indebtedness was eliminated through the collection of a receivable from the Department of Health.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Operating Fund	Capital Fund	Total 2002	Total 2001
Trade payables	$ 1,045,490	$ 50,241	$ 1,095,731	$ 782,805
Accrued liabilities	556,243	208,651	764,894	1,080,909
Vacation pay	883,563	—	883,563	802,773
Salary and benefits	3,792,786	—	3,792,786	2,620,475
Other	47,658	—	47,658	37,098
	$ 6,325,740	$ 258,892	$ 6,584,632	$ 5,324,060

9. LONG-TERM DEBT

	2002	2001
Obligations Under Capital Leases - interest at 0%, maturing in 2006	$ 18,008	$ 23,456
Current portion	(5,448)	(5,448)
	$ 12,560	$ 18,008

Estimated minimum principal repayments over the next five years are expected to be as follows:

2003	2004	2005	2005	2007
$ 5,448	$ 5,448	$ 5,448	$ 1,664	$ —

10. DEFERRED CAPITAL GRANTS

	2002	2001
Balance, beginning of period	$ 58,727,778	$ —
Transferred from Western Regional Health Board	—	57,907,823
Grants received for:		
Capital assets purchased	2,603,710	888,317
Future capital asset purchases	236,900	751,486
	61,568,388	59,547,626
Amortization of deferred capital grants	(2,726,949)	(819,848)
Balance, end of period	$ 58,841,439	$ 58,727,778

11. COMMITMENTS

a) Leases and Purchase Commitments

The South West Nova District Health Authority has committed funds from operations for occupancy and equipment leases. Estimated minimum lease payments over the next five years are expected to be as follows:

2003	2004	2005	2005	2007
$ 361,051	$ 274,619	$ 209,824	$ 15,259	$ —

b) Yarmouth Redevelopment Project

The South West Nova District Health Authority has committed to a multi-year redevelopment project for the Yarmouth Regional Hospital. The original amount of the contract was $57.4 million. The District's remaining commitment is $2.6 million.

12. PENSION PLAN

The South West Nova Health Authority contributes to two pension plans on behalf of its employees. The first plan is administered by the Nova Scotia Association of Health Organizations. The most recent actuarial valuation was conducted as at December 31, 2000 and showed an unfunded liability for the entire plan of $nil. The second plan is administered by the Province of Nova Scotia. The most recent actuarial valuation was conducted as at December 31, 2000 and showed an unfunded liability for the entire plan of $nil. The South West Nova District Health Authority bears no financial responsibility for any unfunded liability of either plan.

13. CHANGES IN WORKING CAPITAL ITEMS

	Operating Fund	Capital Fund	Total 2002	Total 2001
Accounts receivable	$ (35,573)	$ 159,656	$ 124,083	$ (8,836,476)
Inventory	(29,947)	—	(29,947)	(742,395)
Prepaid expenses	(125,485)	(36,988)	(162,473)	(214,342)
Accounts payable and accrued liabilities	1,452,952	(192,380)	1,260,572	5,324,060
Revenue received in advance	85,647	—	85,647	1,799,698
	$ 1,347,594	$ (69,712)	$ 1,277,882	$ (2,669,455)

14. PROVINCE OF NOVA SCOTIA RETIRING ALLOWANCE PROGRAM FOR EMPLOYEES OF HEALTH CARE FACILITIES

The Province of Nova Scotia Retiring Allowance Program for Health Care Facilities provides benefits for employees of the South West Nova District Health Authority upon retirement. The most recent actuarial valuation was for the years ended March 31, 2001 and March 31, 2002.

Financial position of the program as follows:

Continuity Schedule		2001-2002		2000-2001
Liability, Beginning of Year	$	3,053,507	$	2,960,749
Current Service Costs		163,600		40,882
Interest on Liability		200,800		48,508
Benefits Paid Out To Retirees		(126,950)		—
Current Year Amortized Loss		8,973		3,368
Liability, End of Year	$	3,299,930	$	3,053,507
		(estimated)		

Significant actuarial assumptions adopted in measuring the financial position of the program as at March 31, 2002 were calculated using the projected benefit method based on membership information provided by the Nova Scotia Association of Health Organizations ("NSAHO") as of December 31, 2000. The discount rate used was 7.05% and the salary growth rate 3.65% per year, plus promotional scale. The net expenditure related to these employee future benefits was $362,493 for the year.

All accumulated past liabilities from the retiring allowance program that relate directly to employees of the South West Nova District Health Authority will be fully funded by the Province of Nova Scotia, up to and including March 31, 2002.

15. CONTINGENCY

The South West Nova District Health Authority has yet to reach a collective agreement with the employees of the NSGEU Clerical and NSGEU Drug Dependency/Public Health Unions. The most recent collective agreement expired March 31, 2001. Although a retroactive wage adjustment is likely to cover the period from April 1, 2001 to March 31, 2002, it has been determined by management that such an amount cannot be reasonably estimated based on information available prior to the release of the financial statements. As a result, the financial statements do not include a provision for this contingent liability. The Department of Health has agreed to fully fund any such liability on behalf of the South West Nova District Health Authority.

16. 2001 - 2002 OPERATING SURPLUS

Pursuant to Section 32 of Bill no. 34, "Where a District Health Authority realized a budget surplus at the end of a fiscal year, the Minister of Health may authorize the authority to retain all or part of the surplus on such terms and conditions as the Minster considers appropriate". The District plans to apply to retain the surplus for use in 2002-2003 operations.

17. COMPARATIVE FIGURES

Comparative figures for fiscal 2001 reflect three months of operations for District Health Authority.

AUDITORS' REPORT

To the Chairperson and Members
of the Southwest Regional School Board

We have examined the Consolidated, Operating Fund, Capital Fund, Reserve Fund and Trust Fund balance sheets of the Southwest Regional School Board as at March 31, 2002, and the statements of operations for the year then ended. These financial statements are the responsibility of the Southwest Regional School Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Southwest Regional School Board as at March 31, 2002, and the results of its operations and the changes in its capital position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia School Boards.

GRANT THORNTON LLP
Registered Municipal Auditors

Bridgewater, Nova Scotia
June 13, 2002

SOUTHWEST REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Bank	$ 1,157,243	$ —
Receivables (Note 2)	3,251,446	2,637,908
Receivable - Retirement allowance (Note 6)	5,234,000	4,821,000
Inventory	482,994	416,544
Prepaid expenses	467,898	101,982
	10,593,581	7,977,434
Restricted cash	242,333	5,986
Fixed Assets, at cost		
Land, buildings and improvements (Note 3)	57,666,901	55,815,866
Equipment and furnishings	17,920,260	17,759,594
School buses and other vehicles	11,480,477	11,244,939
	87,067,638	84,820,399
	$ 97,903,552	$ 92,803,819

LIABILITIES

	2002	2001
Current		
Bank overdraft	$ —	$ 428,161
Payables and accruals		
Trade	3,306,165	1,549,594
Payroll and employee deductions	505,699	248,959
C.S.A.P (Note 7)	—	78,704
Deferred revenue	302,440	385,809
	4,114,304	2,691,227
Long term		
Retirement Allowance (Note 6)	5,234,000	4,821,000
Equity		
Reserves	1,259,004	242,587
Surplus	228,606	228,606
Investment in capital assets	87,067,638	84,820,399
	88,555,248	85,291,592
	$ 97,903,552	$ 92,803,819

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Operating Fund Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Bank	$ 1,157,243	$ —
Receivables (Note 2)	3,251,446	2,637,908
Receivable - Retirement allowance (Note 6)	5,234,000	4,821,000
Inventory	482,994	416,544
Prepaid expenses	467,898	101,982
Due from Reserve Fund	52,525	—
	$ 10,646,106	$ 7,977,434

LIABILITIES

	2002	2001
Current		
Bank overdraft	$ —	$ 428,161
Payables and accruals		
Trade	3,306,165	1,549,594
Payroll and employee deductions	505,699	248,959
C.S.A.P.	—	78,704
Deferred revenue	302,440	385,809
	4,114,304	2,691,227
Long term debt		
Retirement Allowance (Note 6)	5,234,000	4,821,000
Due to Reserve Fund	1,069,196	236,601

EQUITY

	2002	2001
Surplus	228,606	228,606
	228,606	228,606
	$ 10,646,106	$ 7,977,434

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Operations
Year Ended March 31, 2002

		2002	2001
	Budget	Actual	Actual
Revenue			
Province of Nova Scotia	$ 74,427,289	$ 77,086,626	$ 74,077,832
Government of Canada	868,500	1,115,594	1,154,645
Appropriations from Councils	17,897,806	17,897,807	18,174,402
Board Operations	1,186,700	1,235,344	927,763
Transfer from Reserves	6,000	58,511	662,199
	$ 94,386,295	$ 97,393,882	$ 94,996,841
Expenditures			
Regional Board Management	$ 2,685,097	$ 2,645,556	$ 2,713,542
School Administration and Instruction	64,913,523	65,299,176	63,802,695
Special Education	9,454,877	9,120,799	9,516,996
Adult Education	768,388	839,045	657,034
Summer School	15,000	11,644	23,766
Property Service	8,886,504	9,146,563	9,305,537
Student Transportation	6,926,906	7,089,544	6,865,773
Operating Capital	736,000	2,172,359	1,869,468
Prior Years' Deficit	—	—	—
	$ 94,386,295	$ 96,324,686	$ 94,754,811
Excess of revenue over expenditures	$ —	$ 1,069,196	$ 242,030
Transfer to Reserve	—	(1,069,196)	(236,601)
Excess of revenue over expenditures after transfer to reserves	$ —	$ —	$ 5,429

Statement of Continuity of Surplus
Year Ended March 31, 2002

	2002	2001
Surplus, beginning of year	$ 228,606	$ 223,177
Transfer from current operations	—	—
Deficit repayment	—	—
	228,606	223,177
Transfer to current operations	—	—
Excess of revenue over expenditures	1,069,196	242,030
Transfer to Reserves	(1,069,196)	(236,601)
Surplus, end of year	$ 228,606	$ 228,606

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Capital Fund Balance Sheet
March 31, 2002

	2002	2001
ASSETS		
Fixed assets, at cost		
Land, buildings and improvements (Note 3)	$ 57,666,901	$ 55,815,866
Equipment and furnishings	17,920,260	17,759,594
School buses and other vehicles	11,480,477	11,244,939
	$ 87,067,638	$ 84,820,399
EQUITY		
Investment in capital assets	$ 87,067,638	$ 84,820,399

Statement of Continuity of Investment in Capital Assets
Year Ended March 31, 2002

	2002	2001
Balance, beginning of year	$ 84,820,399	$ 83,537,546
Capital purchases		
Land, building and improvements	1,851,035	663,389
Equipment and furnishings	160,666	330,108
	2,011,701	993,497
School bus and motor vehicle dispositions	(673,380)	(793,667)
School buses and motor vehicles	908,918	1,083,023
	235,538	289,356
Balance, end of year	$ 87,067,638	$ 84,820,399

Reserve Fund Balance Sheet
March 31, 2002

	2002	2001
ASSETS		
Restricted cash	$ 242,333	$ 5,986
Due from operating fund	1,069,196	236,601
	$ 1,311,529	$ 242,587
LIABILITIES		
Due from operating fund	$ 52,525	$ —
EQUITY		
Reserve for future projects	$ 189,808	$ 242,587
Reserve for South Shore District School Board	681,188	—
Reserve forTriCounty District School Board	388,008	—
	1,259,004	242,587
	$ 1,311,529	$ 242,587

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Reserves
March 31, 2002

	Balance Beginning of Year	Transfer To/ from Operating Fund	Interest Revenue	Balance End of Year
Future projects	$ 236,601	$ (52,525)	$ —	$ 184,076
Future projects - investment increase	5,986	(5,986)	5,732	5,732
South Shore District School Board	—	681,188	—	681,188
TriCounty District School Board	—	388,008	—	388,008
	$ 242,587	$ 1,010,685	$ 5,732	$ 1,259,004

Supplementary Details of Revenues
Year Ended March 31, 2002

	Budget	2002 Actual	2001 Actual
Province of Nova Scotia			
General formula	$ 67,840,789	$ 67,840,791	$ 65,784,387
General formula - other	—	303,300	—
Grants - Junior High Computer Networks	5,330,100	—	60,000
Special education	155,800	5,330,100	4,941,000
Learning disability grant	897,500	156,050	152,311
Textbook credit	—	897,500	905,400
Bus purchase	—	—	814,800
Emergency capital	—	1,319,789	198,672
Other:			
Wage recovery + Contract settlements	—	485,121	—
Pilot Costs - Provincial funding	—	—	76,367
Reading recovery	21,500	15,093	34,979
PSA Development	29,300	41,185	22,750
School initiative - P3 schools	—	—	50,000
Level 5 treatment facility	60,200	56,426	59,434
Technology - Digby High	—	26,690	—
Gas tax rebate	7,000	10,751	13,995
Fuel/oil cost pressure relief	—	—	350,000
Relocation - Adult Ed/Daycare - Milton	—	—	20,000
French monitor program	31,400	31,953	34,664
Technology refresh	53,700	122,376	17,018
Technologist grant - Meadowfields	—	—	68,055
Bus Cost Recovery	—	36,501	—
Retirement Allowance Funding	—	413,000	474,000
	$ 74,427,289	$ 77,086,626	$ 74,077,832

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Revenues (continued)
Year Ended March 31, 2002

	Budget	2002 Actual	2001 Actual
Government of Canada			
Acadia/Shubenacadie First Nation Band Councils	$ 285,000	$ 281,953	$ 299,719
Employment and Immigration	27,800	113,560	51,193
French formula grant	60,000	51,677	80,761
French special projects	275,000	316,672	260,731
IEI Technology project	220,700	351,731	462,241
	$ 868,500	$ 1,115,593	$ 1,154,645
Appropriations from Councils			
Town of Bridgewater	$ 1,400,580	$ 1,400,580	$ 1,462,626
Town of Lunenburg	419,712	419,712	429,781
Town of Mahone Bay	189,567	189,567	188,426
Municipality of Chester	2,112,606	2,112,606	2,123,124
Municipality of Lunenburg	3,868,875	3,868,875	3,906,187
Region of Queens Municipality	2,233,469	2,233,469	2,239,253
Municipality of Barrington	912,584	912,584	909,992
Town of Clark's Harbour	105,015	105,015	113,151
Town of Shelburne	235,098	235,098	245,305
Municipality of Shelburne	697,226	697,226	705,535
Town of Lockeport	74,599	74,599	78,840
Town of Yarmouth	1,099,775	1,099,775	1,138,494
Municipality of Yarmouth	1,272,722	1,272,722	1,302,340
Municipality of Digby	827,810	827,810	823,746
Town of Digby	277,002	277,002	280,083
Municipality of Clare	1,120,109	1,120,109	1,154,143
Municipality of Argyle	1,051,059	1,051,059	1,073,376
	$ 17,897,808	$ 17,897,808	$ 18,174,402
Board Operations			
Investment income	$ 140,000	$ 168,830	$ 179,518
Adult education fees	171,500	150,593	94,738
Nursery school fees	125,400	154,967	115,985
After school programs	96,800	48,656	6,879
Summer school fees	15,000	20,195	29,278
Other fees/revenues			
Sale of assets	5,000	125	17,301
Extracurricular bus trips	100,000	173,231	169,002
Vandalism reimbursement	1,000	160	1,002
HST Interest	—	527	290
International student program	531,000	387,237	209,126
Literacy programs	—	3,639	11,629
Environmental Protection Agency	—	15,234	10,279
Grass roots funding	—	18,650	11,900
Millennium Programs - Gulf of Maine Project	—	5,531	66,826
Curriculum programming - various grants	—	85,620	—
Total other fees/revenues	1,185,700	1,233,195	923,753
Facilities rental	1,000	2,148	4,010
	$ 1,186,700	$ 1,235,343	$ 927,763

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures
Year Ended March 31, 2002

	2002		2001
	Budget	Actual	Actual
Regional Board Management			
Salaries, wages and honoraria:			
- administration	$ 506,620	$ 475,110	$ 470,839
- board members	178,800	180,668	153,107
- clerical	582,350	566,976	628,680
- other	165,221	179,049	167,034
Employer benefits			
- statutory benefits	94,978	93,129	92,483
- group insurance/pension	93,328	120,214	93,604
- professional development	14,500	1,837	5,016
Supplies and materials	222,600	211,624	196,162
In-service training	3,000	2,556	833
Travel and conference			
- staff	63,300	55,656	64,383
- board members	82,800	84,401	88,091
Liability insurance	153,000	143,655	131,230
Professional services			
- audit	17,000	17,000	12,406
- legal	100,000	144,252	205,742
Contracts: bank charges	500	110	50
Board office: rental	54,000	55,759	53,138
Occupational health and safety	15,000	20,648	12,767
Board office			
- telephone	81,400	68,812	74,716
- utilities	35,000	32,308	35,889
Dues/fees	82,100	77,313	48,281
School board elections	—	(3,677)	37,233
Computer services/equipment/data communication	74,000	58,988	79,049
Other:			
Advertising	36,600	32,476	36,333
Board office: maintenance/custodial	26,000	26,692	24,044
Overdraft interest	3,000	—	2,434
Employee compensation study	—	—	—
	$ 2,685,097	$ 2,645,556	$ 2,713,544

See accompanying notes to financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2002

		2002	2001
	Budget	Actual	Actual
School Administration and Instruction			
Salaries and wages			
- administration	$ 5,054,278	$ 5,023,063	$ 4,911,257
- instruction	46,178,882	45,674,469	44,926,482
- substitutes	1,500,000	1,562,998	1,619,786
- sabbatical	153,344	157,114	250,000
- support services	471,453	632,127	477,532
- library	518,716	498,810	450,647
- guidance	1,041,387	1,119,260	1,077,906
- student assistants/tutors	25,000	26,282	8,586
- clerical	1,606,892	1,577,574	1,571,108
- lunch and bus	400,000	442,834	398,108
- other	187,561	283,663	17,228
Employer benefits			
-statutory benefits	3,170,003	3,127,194	2,958,413
- retirement allowances - board paid	95,000	157,624	77,295
- retirement allowances - current service	—	80,000	183,000
- group insurance/pension	274,665	301,654	250,373
- professional development	319,656	325,804	292,104
School admin. and instruction - supplies			
- administration	—	113,009	110,067
- instruction and curriculum	1,075,250	503,307	461,250
- copier leases	—	329,419	407,679
- postage	—	16,231	19,871
- books	—	24,668	18,860
- furniture and equipment	—	117,658	81,041
- SAC Allocation	19,315	19,530	19,356
- Junior High Network	—	—	60,000
Total school admin and instruction	62,091,402	62,114,292	60,647,949
Supplies and materials			
- library	108,321	79,171	74,051
- textbook credit	897,500	897,500	905,400
- other supplies	153,500	292,554	212,383
- IEI	—	150,829	462,242
- Tech Refresh	—	64,757	55,005
In-service training	111,000	171,023	105,109
Travel			
- circuit/library/clerical	65,000	55,541	65,794
- other staff travel/conference	232,900	257,493	180,610
Telephone/fax/data communication	280,300	264,169	278,792
Computer services	225,000	240,475	197,457
Other:			
CSAP - purchase of services	350,000	85,306	174,175
International Student program	398,000	292,324	151,990
Debt service - Retirement Allowances	—	333,000	291,000
Other expenses	600	742	738
	2,822,121	3,184,884	3,154,746
	$ 64,913,523	$ 65,299,176	$ 63,802,695

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2002

		2002	2001
	Budget	Actual	Actual
Special Education			
Salaries and wages			
- administration	$ —	$ —	$ 21,469
- instruction	4,218,249	4,026,821	4,379,268
- support services	834,358	824,351	799,092
- student assistants	3,520,137	3,399,225	3,445,195
- clerical	—	—	6,741
Benefits			
- statutory benefits	586,938	555,314	577,296
- group insurance/pension	168,310	188,013	10,298
- professional development	15,000	13,785	148,004
Supplies and materials	35,000	25,404	31,320
In-service training	12,700	12,171	4,886
Travel			
- circuit/resource	50,500	51,641	47,546
- other travel/conference	11,185	15,972	22,992
Telephone/fax/data communication	2,500	8,102	10,129
Other	—	—	12,760
	$ 9,454,877	$ 9,120,799	$ 9,516,996
Adult Education			
Salaries and wages			
- administration	$ 107,639	$ 186,123	$ 181,244
- instruction	287,359	275,263	244,555
- support services	133,118	143,937	88,158
- clerical	26,914	20,407	24,833
- other	1,200	113	—
Benefits			
- statutory benefits	54,338	53,489	42,933
- group insurance/pension	13,054	13,609	12,970
Supplies and materials	33,100	33,327	42,897
Travel: other travel/conference	8,000	1,987	3,512
Building rental	13,300	12,052	7,030
Telephone/fax/data communication	8,000	6,958	14,932
Program deficits to next year	—	—	(32,616)
Other - maintenance/custodial	82,366	91,780	26,586
	$ 768,388	$ 839,045	$ 657,034
Summer School			
Salaries and wages			
- instruction	$ 14,000	$ 10,875	$ 8,250
- other	—	—	10,500
Benefits - statutory benefits	1,000	769	758
Supplies and materials	—	—	4,258
	$ 15,000	$ 11,644	$ 23,766

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Property Services			
Salaries and wages			
- supervisory	$ 190,750	$ 194,340	$ 196,662
- maintenance	385,091	398,584	356,022
- custodial	3,140,768	3,147,532	3,171,151
- clerical	52,898	57,024	54,937
- grounds	85,800	84,075	81,431
Benefits			
- statutory benefits	353,015	360,323	340,809
- group insurance / pension	208,732	230,714	197,154
- service awards	30,700	14,376	64,236
- other benefits	2,000	4,366	1,629
Supplies and materials			—
- maintenance	483,700	502,706	467,250
- custodial	260,200	287,049	252,351
- other	37,100	56,685	59,448
Insurance	235,000	246,921	226,021
	5,465,754	5,584,695	5,469,101
Utilities			
Electricity	1,377,000	1,468,364	1,499,540
Heat-fuel oil	1,061,700	879,774	1,247,097
Sewer/water/fire	195,000	177,412	203,385
	2,633,700	2,525,550	2,950,022
In-service training	7,000	8,679	6,829
Travel/conference	12,500	23,114	29,693
Rental of facilities	80,750	110,118	80,856
Contracted services: maintenance	427,000	530,684	341,992
	527,250	672,595	459,370
Contracted services: custodial			
Snow removal	100,000	207,636	268,203
Garbage removal	91,000	108,634	98,355
Other contracted services: custodial	7,500	6,074	7,524
	198,500	322,344	374,082
Telephone/fax	24,200	25,453	35,221
Computer services	7,100	8,734	5,897
Equipment repairs	25,000	7,077	10,188
Architectural fees	5,000	115	1,656
	61,300	41,379	52,962
	$ 8,886,504	$ 9,146,563	$ 9,305,537

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Supplementary Details of Expenditures (continued)
Year Ended March 31, 2002

		2002	2001
	Budget	Actual	Actual
Pupil Transportation			
Salaries and wages			
- supervisory	$ 139,415	$ 155,141	$ 142,882
- drivers	3,480,874	3,509,378	3,466,976
- mechanics and helpers	497,864	504,679	502,335
- dispatchers	65,392	63,010	63,479
Benefits			
-statutory benefits	378,453	382,449	375,232
- service awards	22,200	23,549	14,868
- group insurance/pension	270,008	283,367	241,290
- other benefits	13,000	14,928	10,901
Supplies and materials	65,600	83,798	64,078
Vehicle operating expenses			
- gas/oil/grease	709,700	632,070	773,815
- tires/tubes	100,000	106,897	97,330
- registration / license	112,000	108,823	111,019
- insurance	72,000	70,102	57,732
- repairs/maintenance	508,000	612,795	453,940
Garage expenses			
- repairs/maintenance	64,400	74,099	73,447
- utilities	55,600	54,536	63,509
In-service training	13,000	16,285	10,669
Travel/conference	20,000	22,067	29,284
Extra-curricular travel	140,000	158,515	175,264
Contract conveyance	101,000	93,824	79,247
Telephone/fax	32,400	35,598	32,857
Computer services	40,000	40,000	—
Bus site maintenance	6,000	17,233	13,826
Equipment repairs	20,000	26,401	11,793
	$ 6,926,906	$ 7,089,544	$ 6,865,773

	Budget	2002 Actual	2001 Actual
Operating capital			
Repairs and renovations			
- property service	$ 511,000	$ 467,433	$ 507,669
- other programs	—	—	—
Emergency capital	—	1,319,789	198,672
Furniture and equipment			
- regional board	37,000	18,490	—
- schools	100,000	100,411	80,103
- property service	—	8,384	—
Facility use studies - schools	—	134,720	—
Vehicles			
- property service	88,000	123,132	100,753
- school buses	—	—	982,271
	$ 736,000	$ 2,172,359	$ 1,869,468

See accompanying notes to the financial statements.

Notes to the Financial Statements
March 31, 2002

1. Accounting principles

These financial statements have been prepared to conform in all material respects to the accounting principles prescribed by the Nova Scotia District School Board Financial Handbook.

Inventories

Garage parts inventory is recorded at cost. All other supplies and purchases are expensed.

Financial statement presentation

The financial statements of the Board have been prepared in accordance with the fund basis of accounting.

Expenditure recognition

Expenditures other than salaries are recorded on an accrual basis. Outstanding purchase orders at the balance sheet date are accrued and recorded as payables.

Capital equipment and school buses

Fixed assets are recorded at cost. Assets received from the various boards as at January 1, 1982, under the agreement creating the Southwest Regional School Board, are treated as additions to investments in fixed assets. The Board does not record depreciation on its fixed assets, as the Tangible Capital Asset Policy has not been adopted for the year ended March 31, 2002. Effective April 1, 2002, the Province of Nova Scotia no longer provided funding to Boards for purchases of school buses, assuming fully the responsibility and cost of purchasing.

2. Receivables

	2002	2001
Government of Canada	$ 753,414	$ 316,431
Province of Nova Scotia	1,563,214	1,049,576
NSSRA - NSTU Sal Con Insurance (Note 7)	250,000	250,000
Municipalities	—	69,969
First Nations Band Councils	34,338	90,983
Other	650,480	860,949
	$ 3,251,446	$ 2,637,908

3. Land, buildings and improvements

Prior to the formation of the Southwest Regional School Board, certain municipal units had joined to form District School Boards. Under various agreements, land and school buildings on hand remained assets of the appropriate municipal units but were under the operational control of the District School Boards until such time as the Board no longer required the assets for school purposes At that time, control reverted back to the appropriate municipality. These agreements will now remain in force with the Southwest Regional School Board.

The Southwest Regional School Board has a vested interest in capital improvements to school buildings. Under the Education Act, should a municipal unit sell a building returned to it by the Board under the circumstances noted above, a portion of the proceeds will be payable to the Board. In the event of the destruction of the building such that insurance proceeds are payable, a portion of these proceeds will similarly be payable to the Board.

4. Commitments

Service awards

For all service on or before July 31, 2000, under the terms of agreements with local units of the Nova Scotia Teacher's Union, the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amounts of the awards are as follows:

Digby District	- $80 per year of service
Queens District	- 0.45 of one percent of a TC5 - MAX per year of service
Shelburne District	- $90 per year of service
Yarmouth District	- 0.75 of one percent of annual salary per year of service
Lunenburg District	- $200 per year of service - Maximum $7,000
Clare/Argyle District	- 0.60 of one percent of annual salary per year of service

For all service commencing on or after August 1, 2000 under the terms of agreement with the NSTU and Southwest Regional School Board the Board is required to pay a service award to each teacher who accumulates a minimum of fifteen years service with the Board. The amount of the award is as follows: .75 of 1% for each year of service with the Board multiplied by the annual salary rate on the last day of employment with the Board.

The Province of Nova Scotia assumed responsibility for the payment of Service Awards for teachers effective April 1, 2002. The recording of retirement allowances for this year constitutes an accounting policy change and therefore has been applied retroactively, with comparative figures restated.

P-3 Operating Expenses

Forest Ridge Academy, Bayview Community School and Aspotogan Consolidated Elementary School were opened for the 2000/01 school year. Meadowfields Community School had been opened in the 1999/2000 school year. The lease contains both a capital and operating component and all payments are to be made by the Province to the private partner. Since school boards are generally responsible for school operating expenses, the Province recovers a portion of the operating lease payment from the school board. As there are going to be a significant number of leased schools in the next few years, it has been agreed by the Province to establish a province-wide rate for this recovery from school boards. This rate has been revised to $3.05 per square foot, from $4.00 per square foot. The Province of Nova Scotia has reduced funding by : $152,400 for the year ended March 31, 2000; $343,600 for the year ended March 31, 2001; and $122,900 for the year ended March 31, 2002, totalling $618,900 for the P3 schools. Budgets for expenditures under the property service section are also reduced.

5. Pensions plans

The Board makes payments into the following pension plans:

Lunenburg District	- C.U.P.E. staff and support staff non-teaching defined benefit plans.
Queens District	- Non-teaching staff money purchase plan and defined benefit plan.
Shelburne District	- Non-teaching staff money purchase plan and defined benefit plan.
Yarmouth District	- Non-teaching staff money purchase plan and undivided registered retirement savings plan.
Digby District	- Non-teaching staff defined benefit plan.

Recent actuarial reports have not been prepared for these various plans and therefore no balances have been reflected in these financial statements. The Board's teachers are covered by a pension plan established by the Province pursuant to the Teachers Pension Act.

6. Early Retirement (1994-98) Program (ERP)

During the 2000/01 fiscal year, the province of Nova Scotia assumed full responsibility for the Early Retirement Plan (1994-1996).

7. Contingencies

Receivable
Included in receivables is $250,000 due from the Province of Nova Scotia for the Nova Scotia Board Association insurance rebate. This has been outstanding for a number of years and the Board cannot make a determination of the amount of likelihood of any writedown that might be required upon settlement with the Province.

Legal
There are a number of claims and possible claims outstanding against the Board. The outcomes of these claims are not determinable and therefore no amounts have been recorded in the accounts of the Board. Any settlements resulting from the resolution of these claims will be treated as a charge to operations in the period the settlement occurs.

C.S.A.P.
The final settlement to the Conseil Scolaire Acadien Provincial of $78,704 for the cost of English students attending the CSAP schools was paid as of March 31, 2002.

8. Commitment

The Southwest Regional School Board has entered into an energy management contract with Nova Scotia Power Services Limited. The School Board is required to pay $5,848 per month until the contract expires July 2005.

9. Board Restructuring

The Southwest Regional School Board was restructured into two districts - The South Shore District School Board and the Tri County District School Board during the fiscal year 2000/2001. The Southwest Regional School Board is responsible for operational issues and the two school districts are responsible for educational issues.

10. Comparative Balances

Comparative figures have been restated to conform with the accounting policy change for retirement allowances.

SOUTHWEST REGIONAL SCHOOL BOARD

Trust Funds Balance Sheet
March 31, 2002

	2002	2001
Assets		
Cash	$ 469,025	$ 571,055
Equity		
Estate of Marjorie E. Jones	$ 15,165	$ 64,087
Digby Community Theatre	4,064	168,889
CUPE Pension Fund	189,216	80,534
Reserve for scholarships		
Teachers' Scholastic Scholarship	6,324	6,276
Forbes Mountain Scholarship	519	698
Josephine Christie Fredea Award	1,564	1,586
L.C.D.S.B. Memorial Scholarship	4,352	4,832
Murray Barkhouse Scholarship Fund	3,029	3,115
Robert Hirtle Memorial Fund	1,372	1,275
Dr. K.C. Ghandi Marfatia Scholarship Fund	11,294	6,042
W.G.L. Hirtle Scholarship	10,559	10,691
Elinor Muir Leary Scholarship	10,361	10,600
Irene and Derrell Ernst Scholarship	5,314	5,380
David Lowe Scholarship	7,934	8,109
Clara Quinlan Scholarship	5,264	5,258
Monte Oickle Scholarship	4,982	5,158
Cameron Smith Memorial	159	153
Paul Eisnor Memorial	439	326
Austin Nauss Scholarship	1,587	1,832
Rodney Veinot Memorial	2,619	2,512
Timothy Daniels Memorial	3,819	3,694
Sylvia Weagle Bursary	29,246	29,833
Dr. J.C. Wickwire	2,646	2,557
Augusta Nickerson	13,825	13,362
J. Pask memorial	127	123
Maragaret Ernst MacLeod	3,735	3,610
Elsie Hemeon Fund	512	495
Stay-in-School Bursary	153	148
F. Dakin and P. Dakin Dickson	44,845	44,309
Dr. Charles and Mary Webster	21,752	22,200
Erma Westhaver Loomis	36,415	37,148
Yarmouth District Scholarship Society		
Unassigned	3,572	3,549
Samuel Margolian Trust - Yarmouth High	5,035	5,089
Samuel Margolian Trust - St. Ambrose	5,035	5,089
Churchill Trust	1,592	1,492
Loraleis Trust	1,579	1,600
Blackader - Kirk Trust	2,871	3,265
Olson	2,987	2,887
Andrew Maxwell	3,162	3,252
	$ 469,025	$ 571,055

See accompanying notes to the financial statements.

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Trust Funds
For the Year Ended March 31, 2002

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Estate of Marjorie E. Jones	$ 64,087	$ —	$ —	$ 1,078	$ (50,000)	$ 115,165
Digby Community Theatre Fund	168,889	—	—	2,039	(166,864)	4,064
CUPE Pension Fund	80,534	105,138	—	3,544	—	189,216
Teachers Scholastic	6,276	6,365	—	233	(6,550)	6,324
Forbes Mountain	698	—	—	22	(200)	520
J.C. Fredea Award	1,586	—	—	53	(75)	1,564
L.C.D.S.B. Memorial	4,832	—	850	170	(1,500)	4,352
M. Barkhouse Scholarship Fund	3,117	—	100	112	(300)	3,029
Robert Hirtle Memorial Fund	1,275	—	500	96	(500)	1,371
Dr. K.C. Marfatia Ghandi	6,042	—	5,250	253	(250)	11,295
W.G.L.Hirtle	10,691	—	—	369	(500)	10,560
Elinor Muir Leary	10,600	—	—	361	(600)	10,600
Irene/Derrell Ernst	5,380	—	—	184	(250)	5,314
David Lowe	8,109	—	—	275	(450)	7,934
Clara Quinlan	5,258	—	—	181	(175)	5,264
Monte Oickle	5,160	—	—	172	(350)	4,982
Cameron Smith	153	—	—	5	—	158
Paul Eisnor	326	—	100	14	—	440
Austin Nauss	1,832	—	—	55	(300)	1,587
Balance forward	$ 384,845	$ 111,503	$ 6,800	$ 9,216	$ (228,864)	$ 283,500

SOUTHWEST REGIONAL SCHOOL BOARD

Statement of Continuity of Trust Funds (Continued)
For the Year Ended March 31, 2002

	Balance Beginning of Year	Contributions	Receipt of Donations	Interest Earned	Scholarships Awarded	Balance End of Year
Balance carried forward	$ 384,845	$ 111,503	$ 6,800	$ 9,216	$ (228,864)	$ 283,500
Rodney Veinot	2,512	—	20	87	—	2,619
Timothy Daniels	3,694	—	500	126	(500)	3,820
S Weagle Bursary	29,833	—	—	1,013	(1,600)	29,246
Dr. J.C. Wickwire	2,557	—	—	89	—	2,646
Augusta Nickerson	13,362	—	—	463	—	13,825
J. Pask Memorial	122	—	—	5	—	127
M. Ernst MacLeod	3,610	—	—	125	—	3,735
Elsie Hemeon	495	—	—	17	—	512
Stay-in-School Bursary	148	—	—	5	—	153
F. Dakin/P. Dakin Dickson	44,309	—	—	1,536	(1,000)	44,845
Dr. Charles/Mary Webster	22,200	—	—	752	(1,200)	21,752
Erma Westhaver Loomis	37,148	—	—	1,267	(2,000)	36,415
Yarmouth District Scholarship Society						
Unassigned	3,549	—	100	122	(200)	3,571
S. Margolian Trust - Yarmouth High	5,089	—	—	173	(227)	5,035
S. Margolian Trust - St. Ambrose	5,089	—	—	173	(227)	5,035
Churchill Trust	1,492	—	150	50	(100)	1,592
Loraleis Trust	1,600	—	—	55	(75)	1,580
Blackader - Kirk Trust	3,265	—	—	106	(500)	2,871
Olson	2,886	—	—	100	—	2,986
Andrew Maxwell	3,250	—	—	110	(200)	3,160
	$ 571,055	$ 111,503	$ 7,570	$ 15,590	$ (236,693)	$ 469,025

See accompanying notes to the financial statements.

AUDITOR'S REPORT

To the Chairman and Members of the Board of
The Strait Regional School Board

We have audited the consolidated balance sheet of the Strait Regional School Board as at March 31, 2002, and the consolidated statements of operations for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations for the year then ended in accordance with accounting principles generally accepted for school boards in Nova Scotia.

The prior year's amounts were reported on by another chartered accountant.

Grant Thornton LLP
Chartered Accountants

Port Hawkesbury, Nova Scotia
May 17, 2002

STRAIT REGIONAL SCHOOL BOARD

Consolidated Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Cash	$ 3,050	$ 2,900
Receivables	8,880,301	8,352,144
Prepaids	431,700	172,672
	9,315,051	8,527,716
Capital assets		
School buildings and improvements	31,613,947	34,354,558
Buses and other vehicles	2,449,477	3,459,560
Equipment and furnishings	2,535,197	3,168,996
	36,598,621	40,983,114
	$ 45,913,672	$ 49,510,830

LIABILITIES

	2002	2001
Current		
Bank indebtedness (Note 5)	$ 3,106,757	$ 2,025,658
Payables and accruals	1,483,063	2,550,524
Retirement service awards (Note 3)	4,299,000	4,190,000
	8,888,820	8,766,182

EQUITY

	2002	2001
Surplus (deficit) general fund (Page 489)	426,2[illegible]	(238,466)
Investment in capital assets (Page 490)	36,598,621	40,983,114
	37,024,852	40,744,648
	$ 45,913,672	$ 49,510,830

Contingencies and commitments (Note 11)

See accompanying notes to the consolidated financial statements.

STRAIT REGIONAL SCHOOL BOARD

Consolidated Statement of Operations
Year Ended March 31, 2002

	2002		2001
	Budget	Actual	Actual
Revenue			
Province of Nova Scotia	$ 48,033,175	$ 50,972,584	$ 52,370,020
Appropriation from councils	10,217,700	10,208,800	8,114,468
Government of Canada	1,078,193	1,187,162	1,153,951
Board operations	2,607,896	3,649,096	1,511,319
	61,936,964	66,017,642	63,149,758
Expenditures			
Regional board management	2,274,872	3,112,566	2,874,968
School administration and instruction	39,070,201	39,929,697	40,133,440
Property service	7,520,704	7,740,744	7,783,767
Student transportation	5,853,976	5,413,792	5,398,115
Special education	6,183,827	6,129,287	5,488,155
Capital expenditures and repayments	748,263	2,857,955	1,629,924
Cafeteria	50,000	70,461	92,143
Other operations (Note 7)	—	98,443	—
	61,701,843	65,352,945	63,400,512
Excess (deficiency) of revenue over expenditure before recovery	235,121	664,697	(250,754)
Prior year's (deficit) surplus	(235,121)	(238,466)	12,288
Excess (deficiency) of revenue over expenditure	$ —	$ 426,231	$ (238,466)

See accompanying notes to the consolidated financial statements.

STRAIT REGIONAL SCHOOL BOARD

General Fund Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Current		
Cash	$ 3,050	$ 2,900
Receivables		
Province of Nova Scotia	6,070,371	5,599,182
Municipal councils	450,203	136,228
Government of Canada (Note 9)	1,794,928	1,722,720
General public	564,799	894,014
Prepaids	431,700	172,672
	$ 9,315,051	$ 8,527,716

LIABILITIES

	2002	2001
Current		
Bank indebtedness (Note 5)	$ 3,106,757	$ 2,025,658
Payables and accruals	1,483,063	2,550,524
Retirement service awards (Note 3)	4,299,000	4,190,000
	8,888,820	8,766,182

EQUITY

	2002	2001
Surplus (deficit) - current year	426,231	(238,466)
	$ 9,315,051	$ 8,527,716

General Fund
Statement of Continuity of Surplus
Year Ended March 31, 2002

	2002	2001
Balance, beginning of year	$ (238,466)	$ 12,288
Excess (deficiency) of revenue over expenditure	426,231	(238,466)
Transfer of prior year's (deficit) surplus to statement of operations	238,466	(12,288)
Balance, end of year	$ 426,231	$ (238,466)

See accompanying notes to the consolidated financial statements.

STRAIT REGIONAL SCHOOL BOARD

Capital Fund
Balance Sheet
March 31, 2002

ASSETS

	2002	2001
School buildings and improvements	$ 31,613,947	$ 34,354,558
Buses and other vehicles	2,449,477	3,459,560
Equipment and furnishings	2,535,197	3,168,996
	$ 36,598,621	$ 40,983,114

EQUITY

	2002	2001
Investment in capital assets (Page 490)	$ 36,598,621	$ 40,983,114

Capital Fund
Statement of Continuity of Investment in Capital Assets
Year Ended March 31, 2002

	2002	2001
Balance, beginning of year	$ 40,983,114	$ 46,285,436
Capital purchases out of revenue		
Buses and other vehicles	39,693	113,459
School building and improvements	772,050	—
Equipment and furnishings	—	676,309
	41,794,857	47,075,204
Capital assets written off and depreciation provision	5,196,236	6,092,090
Balance, end of year	$ 36,598,621	$ 40,983,114

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements
March 31, 2002

1. Nature of operations

The Strait Regional School Board manages education programs and finances of public schools within Inverness, Guysborough, Richmond and Antigonish counties.

2. Significant accounting policies

(a) Basis of accounting and consolidation

The consolidated balance sheet is presented using the principles of consolidation prescribed by the Department of Education. The consolidated balance sheet includes the accounts of the general and capital funds. Trust funds are not included in the consolidation. For a detailed review the reader should refer to the financial statements of each fund as presented in these financial statements. The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are recorded on the accrual basis except for some salaries, which are recorded as an expense when paid.

(b) Capital fund assets

Capital fund assets transferred from municipal councils are recorded at their carrying value. In previous years, all improvements to school properties and acquisitions of furniture and equipment are recorded at cost. Assets are depreciated at the following rates using the declining balance method:

Buildings	10%
Equipment	20%
Vehicles	30%

Under the agreement with the municipal councils, all school buildings and land on hand at January 1, 1982, remain assets of the muncipality but are under the operational control of the Board until such time as the Board no longer requires the asset for school purposes. At that time control will revert back to the municipal councils.

(c) Trust funds

The trust funds represent capital contributed in trust on which the income thereon is used to provide scholarships for eligible students.

3. Retirement service awards

Many Board employees are entitled to receive services awards of varying amounts depending on the original board they were hired under. Effective April 1, 2002, the Province of Nova Scotia has assumed responsibility for the payment of these awards.

4. Pension plans

Teachers

The Board's teachers are covered by a pension plan established by the Province of Nova Scotia pursuant to the Teachers' Pension Act. The Board is not responsible for funding any deficiencies of this plan.

5. Bank indebtedness

The Board has an operating line of credit of $600,000.

6. Related party transactions

These financial statements do not include certain expenditures paid and services provided on behalf of the Board by the Province of Nova Scotia, including but not limited to:

- Early Retirement Program payments;
- P3 Schools and facilities leases and operating costs;
- Payments for the teachers' pension plan and medical premiums;
- Certain IT systems and support.

During the year the Board made payments to Knowledge House Technologies, which had former employees of the Board in senior management positions, of $102,278 for technology services. It also made payments of $35,433 to Achnacarry Consulting Limited, a company owned by a relative of another former employee.

7. Other operations

	Strathspey Place	Chedabucto Place	Total
Revenues	$ 166,985	$	$ 166,985
Expenses	246,313	19,115	265,428
Net loss	$ (79,328)	$ (19,115)	$ (98,443)

8. Comparative figures

The comparative figures have been restated to relect the change in accounting policy as it pertains to the payment of service awards for teachers. Previously no liability had been accrued for the actuarial liability of these awards and the expense and related debt servicing costs were recognized as incurred. This has been changed due to the fact that the Province is assuming the liability as of April 1, 2002. To reflect this change, a liability of $4,190,000 was recorded in the 2001 comparative figures along with a corresponding receivable from the Province. In addition, the benefits in the school administration and instruction section were increased by $107,000, debt servicing costs were increased by $255,000 and revenue from the Province was increased by $362,000.

9. Measurement uncertainty

The Board currently has a receivable from a local First Nation. The amount of the receivable is $909,000 as of March 31, 2002. The First Nation has offered to settle the debt for $500,000 leaving the Board exposed for losses of the remainder. Management feels confident that they will be able to recover the entire amount through negotiation with the First Nation and various levels of government.

10. Write offs

Province of Nova Scotia (Sal Con)	$ 220,000
Province of Nova Scotia	214,000
ALIN	61,355
Other sundry amounts	(4,423)
	$ 490,932

11. Contingencies and commitments

(a) Liability to Province of Nova Scotia

As of March 31, 2002 a potential liability of $647,000 existed related to the construction of Strathspey Place. Due to the circumstances surrounding the origin of the debt it has not yet been established as to whether this is actually a liability of the Strait Regional School Board. The Board is currently in discussions with senior officials of the Department of Education regarding the resolution of this issue.

(b) Recoveries

The Board is attempting to recover certain amounts that had previously been expended. The amount and likelihood of recovery is unknown at this time.

12. Trust fund equity

	Equity 2001	Donations & Income	Awards	Equity 2002
Catherine Avery Bursary	$ 1,672	$ 35	$ —	$ 1,707
Allistair Fraser Award	10,335	194	1,000	9,529
Ray Caldwell Scholarship	5,814	113	400	5,527
Dorothy Jost Drysdale Scholarship	2,316	46	100	2,262
Roy Fanning-Hillside Bursary	14,438	271	1,400	13,309
Norman Grant Scholarship	20,778	407	1,200	19,985
Carol Long Scholarship	9,900	201	250	9,851
NSP Employees Scholarship	17,994	364	500	17,858
James Russell Scholarship	3,030	55	400	2,685
Mulgrave Bursary Fund	1,986	35	300	1,721
Bertha Morgan Scholarship	988	21		1,009
Henry Marshall Tory Prize	27,548	32,289	1,500	58,337
Paul Hendsbee Memorial	1,511	26	250	1,287
Donald Archibald Memorial	1,074	20	100	994
Neil & Eileen MacIsaac Bursary	2,500	125	125	2,500
Thomas Williams Prize	5,000	200	200	5,000
Tina Munro Hickey Prize	10,000	550	550	10,000
Jesse Sceles Memorial	1,960	41		2,001
	$ 138,844	$ 34,993	$ 8,275	$ 165,562

13. Professional fees

Professional fees paid during the year	$ 453,224
Less: forensic audit costs paid by Province of Nova Scotia	287,478
	$ 165,746

STRAIT REGIONAL SCHOOL BOARD

General Fund
Detail of Revenue
Year Ended March 31, 2002

	2002		2001
	Budget	Actual	Actual
Revenue			
Province of Nova Scotia			
Formula funding	$ 44,236,100	$ 44,534,504	$ 46,063,600
Special education	3,192,600	3,192,600	2,978,000
Textbook credit allocation	495,000	492,388	543,277
Emergency capital	—	1,046,871	345,039
Special programs and projects	109,475	1,706,221	2,440,104
	$ 48,033,175	$ 50,972,584	$ 52,370,020
Government of Canada			
Indian and Northern Affairs	$ 950,000	$ 1,027,809	$ 975,337
Minority official language	33,000	28,136	42,859
Special programs and projects	95,193	131,217	135,755
	$ 1,078,193	$ 1,187,162	$ 1,153,951
Board Operations			
Cafeterias	$ 50,000	$ 67,296	$ 91,209
Investment income	25,000	62,210	71,417
Facilities rentals and program fees	85,000	123,059	116,114
P3 management fee	2,447,896	2,447,901	1,232,579
Strathspey Place - capital	—	675,277	—
Recovery of fuel costs - P3	—	244,561	—
Other	—	28,792	—
	$ 2,607,896	$ 3,649,096	$ 1,511,319

See accompanying notes to the financial statements.

STRAIT REGIONAL SCHOOL BOARD

General Fund
Details of Expenditure
Year Ended March 31, 2002

	2002		2001
	Budget	Actual	Actual
Regional board management			
Salaries - administrative	$ 1,239,638	$ 1,221,971	$ 1,431,755
Honoraria	93,000	92,000	88,800
Benefits	196,241	256,294	287,078
Supplies and materials	188,000	190,562	160,699
Telephone and data transmission	72,000	45,881	67,062
Staff travel and conferences	100,659	112,584	142,259
Liability insurance	89,012	97,913	89,012
Professional services (Note 13)	106,000	165,746	170,642
Write offs (Note 10)	—	490,932	—
Bank service and overdraft charges	25,000	4,930	31,783
Debt servicing - retirement allowances	—	279,000	255,000
Board members expense	94,293	81,213	93,323
NSSBA dues	51,029	50,438	25,994
Other	20,000	23,102	31,561
	$ 2,274,872	$ 3,112,566	$ 2,874,968
School administration and instruction			
Salaries and wages			
Administration	$ 3,491,870	$ 2,999,995	$ 3,370,612
Instruction	26,422,032	27,316,294	26,483,866
Guidance	859,374	836,519	818,890
Library	565,480	582,950	583,763
Substitutes	1,136,903	1,384,041	1,162,314
Clerical	1,072,471	1,135,645	1,158,992
Lunch and bus monitors	270,000	266,524	272,451
Benefits	2,661,830	2,402,719	2,743,101
Supplies, materials and telephone	1,405,473	1,544,802	1,447,376
Textbook credit allocation	495,000	493,019	544,221
Travel and in-service	93,000	94,593	103,001
Information Economy Initiative	—	234,531	268,800
French special projects	220,554	270,732	286,802
Minority official language	33,000	28,507	36,362
Mulgrave PD Centre	94,077	90,026	148,942
ALIN	—	—	407,421
RAMPS	52,634	49,330	69,069
Adult education	—	—	241
Technology	196,503	199,470	227,216
	$ 39,070,201	$ 39,929,697	$ 40,133,440
Property service			
Salaries and wages	$ 3,340,418	$ 3,310,144	$ 3,329,288
Benefits	564,208	549,327	529,229
Insurance	188,760	187,967	170,879
Utilities	2,442,088	2,575,338	2,650,301
Supplies and materials	692,230	805,958	654,831
Travel and contracted services	293,000	312,010	449,239
	$ 7,520,704	$ 7,740,744	$ 7,783,767

See accompanying notes to the consolidated financial statements.

STRAIT REGIONAL SCHOOL BOARD

Supplementary Details of Expenditure (continued)
Year Ended March 31, 2002

	2002		2001
	Budget	Actual	Actual
Student transportation			
Salaries and wages	$ 3,713,653	$ 3,663,131	$ 3,541,211
Benefits	620,873	572,720	547,558
Travel	17,000	15,064	13,846
In-service	15,000	11,218	6,695
Vehicle operating			
Gas and oil	748,000	546,219	668,547
Tires	80,000	51,853	77,985
Licenses	63,000	55,522	57,714
Insurance	47,000	56,551	44,413
Repairs and maintenance	300,000	257,092	282,679
Garage maintenance	141,950	75,730	71,441
Contract conveyance, telephone, other	107,500	108,692	86,026
	$ 5,853,976	$ 5,413,792	$ 5,398,115
Special education			
Salaries and Wages			
Administration	$ 81,600	$ 83,254	$ 77,815
Instruction	3,061,519	2,958,886	2,812,115
Professional services	424,733	383,805	411,462
Student Program assistants	1,942,453	2,007,283	1,663,356
Clerical	76,144	86,977	26,893
Benefits	504,578	493,626	412,940
Supplies, materials and telephone	44,800	50,243	35,944
Travel and conference	48,000	65,213	47,630
	$ 6,183,827	$ 6,129,287	$ 5,488,155
Capital Expenditures and Repayments			
Regional board management - Equipment	$ 26,292	$ 38,392	$ 50,785
School administration and instruction			
Equipment	271,371	218,866	434,749
Property service			
Capital repairs and projects	374,000	1,758,544	901,285
Strathspey Place	—	772,050	—
Vehicles	40,000	39,693	—
Student transportation			
Buses	—	—	178,160
Vehicle	—	—	24,311
Equipment	36,600	30,410	40,634
	$ 748,263	$ 2,857,955	$ 1,629,924
Cafeteria			
Salaries and wages	$ 20,000	$ 26,536	$ 43,150
Benefits	3,000	2,208	4,708
Supplies and expenses	27,000	41,717	44,285
	$ 50,000	$ 70,461	$ 92,143

See accompanying notes to the consolidated financial statements.

STRAIT REGIONAL SCHOOL BOARD

Trust Fund Balance Sheet
March 31, 2002

ASSETS

	2002	2001
Cash	$ 165,562	$ 138,844

EQUITY

	2002	2001
Equity in trust funds (Note 12)	$ 165,562	$ 138,844

See accompanying notes to the consolidated financial statements.

AUDITOR'S REPORT

To the Minister Responsible for Sydney Environmental Resources Limited

I have audited the operating fund balance sheet of Sydney Environmental Resources Limited for the year ended March 31, 2002 and the statement of revenue and expenditures for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2002, and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles except as disclosed in Note 3.

JOHN NASH
Chartered Accountant

May 17, 2002

SYDNEY ENVIRONMENTAL RESOURCES LIMITED

Balance Sheet
as at March 31, 2002

ASSETS

	2002	2001
Current		
Cash	$ ---	$ 127,044
Accounts receivable	278,613	147,682
Prepaid expenses	6,854	50,000
	$ 285,467	$ 324,726

LIABILITIES

	2002	2001
Current		
Bank indebtedness	$ 137,792	$ ---
Accounts payable and accrued liabilities	147,675	293,184
Due to Province of Nova Scotia (Note 5)	---	31,541
	285,467	324,725

EQUITY

	2002	2001
Share capital (Note 8)	1	1
	$ 285,468	$ 324,726

Commitments (Note 7)

Statement of Revenue and Expenditures
Year Ended March 31, 2002

	2002	2001
Revenue		
Province of Nova Scotia		
Operations	$ 1,243,024	$ 1,468,405
Site security and other community costs	473,033	385,995
Asbestos Abatement Project	178,685	582,711
Sydney Steel site decommissioning	1,518,812	---
	3,413,554	2,437,111
Expenditures		
Operations (Schedule 1)	1,243,024	1,468,405
Site security and other community costs		
Wages and benefits	327,082	307,082
Supplies and services	145,951	78,913
Asbestos Abatement Project		
Wages and benefits	127,938	357,084
Supplies and services	50,747	225,627
Sydney Steel site decommissioning		
Wages and benefits	1,031,047	---
Supplies and services	487,765	---
	3,413,554	2,437,111
Excess revenue over expenditures	$ ---	$ ---

SYDNEY ENVIRONMENTAL RESOURCES LIMITED

Notes to the Financial Statements
Year Ended March 31, 2002

1. AUTHORITY AND OBJECTIVE

The Company was incorporated under the Nova Scotia Companies Act on July 10, 1990. It was established as a crown corporation of the Province of Nova Scotia by Order-in-Council on March 26, 1991. On January 7, 1998 the company changed its name from Sydney Tar Ponds Clean-Up Inc. to Sydney Environment Resources Limited.

Its current objective is to utilize its resources in emerging community based environmental initiatives.

2. CONTINUATION OF THE BUSINESS

The accompanying financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon obtaining necessary funding from the Province of Nova Scotia and/or the Government of Canada.

3. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles except as outlined below:

a) **Financing**

The Company, an agency of Her Majesty, receives legislative appropriations for operating expenditures. These appropriations are reflected as operating grants to the extent of operating expenditures. Any excess appropriations are accounted for as deferred operating grants. Consequently, the Company does not have any equity.

b) **Capital Assets**

In accordance with funding requirements, the cost of capital assets are accounted for as current operating expenditures.

4. ACCOUNTS RECEIVABLE

	2002	2001
Sydney Steel site decommissioning	$ 145,139	$ ---
Asbestos Abatement Project	---	69,781
HST receivable	69,638	77,901
Province of Nova Scotia	34,517	---
Other	29,319	---
	$ 278,613	$ 147,682

5. PROVINCE OF NOVA SCOTIA FUNDING

The Company received the following amounts from the Province of Nova Scotia in the year:

	2002	2001
Current operating grant	$ 1,243,024	$ 1,468,405
Asbestos Abatement Project	102,525	561,056
Site security and other community costs	473,033	385,995
	$ 1,818,582	$ 2,415,456

As at March 31, 2002 there was a net receivable from the Province of Nova Scotia for this funding in the amount of $ 34,517 (2001 - net payable of $ 31,541).

6. RELATED PARTY TRANSACTIONS

In addition to the related party transactions in Note 5 above, the Company is related in terms of common ownership to all Province of Nova Scotia created departments, agencies and crown corporations. The Company enters into transactions with these entities in the normal course of business.

7. COMMITMENTS

a) Operations

The Company has committed to the Province of Nova Scotia, that it will run its affairs in accordance with Provincial standards. Its operations will be accountable to the Province through the Minister responsible for Sydney Environmental Resources Limited.

b) Sydney Steel Corporation

The Company has undertaken to hire displaced Sydney Steel Corporation employees.

8. SHARE CAPITAL

Authorized
50,000 common shares with no par value

Issued	
1 Share at $1	$ 1

9. COMPARATIVE FIGURES

Certain of the comparative figures from the March 31, 2001 fiscal year have been reclassified to conform to the financial statement presentation adopted for the current year.

Schedule 1

SYDNEY ENVIRONMENTAL RESOURCES LIMITED

Operating Expenditures
Year Ended March 31, 2002

	2002	2001
Operating expenditures		
Civic taxes	$ ---	$ 3,329
Directors' fees	15,226	10,142
Health, safety and environmental	144,260	162,663
Incineration plant operation and maintenance	16,967	52,898
Incineration plant overhead	201,052	185,476
Office	32,728	21,288
Professional fees	28,681	15,159
Public information	48,628	44,585
Rent	30,000	32,500
Salaries and benefits	636,441	836,723
Technical services	67,696	86,156
Telephone	9,927	9,466
Travel	11,418	8,020
	$ 1,243,024	$ 1,468,405

AUDITORS' REPORT TO THE DIRECTORS

We have audited the statement of net assets in liquidation of Sydney Steel Corporation as at December 31, 2001 and the statement of changes in net assets in liquidation for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets in liquidation as at December 31, 2001 and the changes in net assets in liquidation for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Sydney, Canada
June 28, 2002

SYDNEY STEEL CORPORATION

Statement of Net Assets in Liquidation
December 31, 2001, with comparative figures for 2000

ASSETS

	2001	2000
	(in thousands)	
Current assets:		
Cash	$ 24,300	$ 20,484
Accounts receivable, trade	1,736	3,468
Receivable from Province of Nova Scotia	5,747	12,315
Inventories	4,399	4,492
	36,182	40,759
Property, plant and equipment:		
Land, buildings and equipment , at cost	441,298	441,298
Less accumulated depreciation and write-downs	441,297	441,297
	1	1
Total assets	$ 36,183	$ 40,760

LIABILITIES

	2001	2000
Current liabilities		
Trade payables	$ 2,133	$ 1,893
Deposits and holdbacks payable	3,570	—
Property taxes payable	1,020	—
Wages, benefits and severances payable	175	9,851
Provision for estimated remaining closure costs	—	2,566
Total liabilities	$ 6,898	$ 14,310
Net assets in liquidation	$ 29,285	$ 26,450

See accompanying notes to financial statements.

SYDNEY STEEL CORPORATION

Statement of Changes in Net Assets in Liquidation
Year Ended December 31, 2001

	Closure Activities	Demolition and Remediation Activities	Continuing Activities	Total
		(in thousands)		
Increases in net assets in liquidation:				
Contributions from Province of Nova Scotia (note 2)	$ 1,859	$ 3,790	$ —	$ 5,649
Proceeds on disposal of assets	1,753	—	—	1,753
Interest	—	—	970	970
Other recoveries	159	—	127	286
	3,771	3,790	1,097	8,658
Decreases in net assets in liquidation:				
Demolition and remediation	—	2,604	—	2,604
General and administration	1,120	581	80	1,781
Salaries and wages	996	267	54	1,317
Property taxes	1,024	—	—	1,024
Professional fees	608	338	40	986
Electricity	913	—	—	913
Reversal of non-specific provisions for closure costs	(2,802)	—		(2,802)
	1,859	3,790	174	5,823
Increase in net assets in liquidation	$ 1,912	$ —	$ 923	2,835
Net assets in liquidation, beginning of year				26,450
Net assets in liquidation, end of year				$ 29,285

See accompanying notes to financial statements.

SYDNEY STEEL CORPORATION

Notes to Financial Statements
Year Ended December 31, 2001

Sydney Steel Corporation is a Crown Corporation incorporated by special act of the Province of Nova Scotia.

1. **Significant accounting policies:**

a) Basis of presentation:

Effective December 31, 2000 the Corporation changed its basis of accounting from a going concern basis to a liquidation basis in accordance with generally accepted accounting principles.

b) Valuation of non-cash assets:

Effective with the December 31, 2000 adoption of the liquidation basis of accounting, the cost base for the Corporation's non-cash assets was established as their then estimated realizable values.

The non-cash assets at December 31, 2001 are valued at the lower of their cost base and their realizable value.

c) Mode and presentation of operations:

Ernst & Young Inc. has been appointed agent of the Province of Nova Scotia pursuant to a mandate which currently is to sell the assets of the Corporation and to direct the evolution of a land use plan and redevelopment strategy for the property.

The financial statement presentation format distinguishes three aspects or phases of the mandate; namely:

- closure activities
- demolition and remediation activities, and
- continuing activities

A brief description of each activity follows:

i) Closure activities:

Closure activities are those principally related to the shut down of the former operating plant, the liquidation of the former operating assets and the associated direct and indirect costs necessary to carry out these functions.

ii) Demolition and remediation activities:

Demolition and remediation activities are those related to the Corporation's evolving site remediation plan and consist principally of fees and contracts for demolition and remediation work and the associated direct and indirect costs incidental to these functions.

iii) Continuing activities:

Continuing activities are those not closely aligned with either the closure or demolition and remediation activities.

As at December 31, 2001, they consist principally of the investment management function but contemplated herein will be those activities arising from and incidental to redevelopment strategies adopted by the Corporation concerning the property's future use.

2. **Province of Nova Scotia:**

In connection with the former active operations of Sydney Steel Corporation the Province of Nova Scotia has:

- provided cash infusions as required by the Corporation to meet its operating obligations,

- agreed to assume responsibility for Sydney Steel Corporation site environmental matters, and has

- established the Sydney Steel Corporation Superannuation Fund to assume direct responsibility for the Corporation's pension obligations.

In connection with the current liquidation and redevelopment plan, the Province has committed to continuing support and has established in its accounts provisions for the closure and demolition and remediation activities. Expenses incurred during the year related to these provisions and for which the Corporation will receive reimbursement from the Province include:

- $1.859 million in respect of closure activities, and
- $3.790 million in respect of demolition and remediation activities.

3. **Litigation:**

The Corporation is in litigation regarding collection of a material trade receivable. Although management believes the carrying value of the receivable is recoverable, the outcome of the litigation is not determinable. Impairment in value, if any, will be reflected in the period the outcome of the litigation is known.

4. **Commitment:**

During the year, the Corporation engaged a demolition firm to remove structures and buildings on the property.

The value of the contract is estimated at $7.7 million. At December 31, 2001, the Corporation had incurred expenditures of $1.5 million which are included in demolition and remediation costs.

5. **Subsequent event:**

Within the context of its redevelopment strategy the Corporation, effective April 15, 2002, reached agreement to lease to a tenant approximately 90 acres of property which includes the wharf and related facilities. The initial lease term is for a period of ten years.

AUDITORS' REPORT

To the Members of the Legislative
Assembly of Nova Scotia, and

To the Minister of Finance

I have audited the Statement of Net Assets Benefits Available for Benefits and Accrued Pension Benefits and Deficiency of the Sydney Steel Corporation Superannuation Fund as at March 31, 2002 and the Statement of Change of Net Assets Available for Benefits for the period then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and deficiency of the Fund as at March 31, 2002 and changes in net assets available for benefits for the period then ended in accordance with Canadian generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The current year's supplementary information included in Schedules A and B are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

The comparative figures for March 31, 2001 were reported on by a firm of chartered accountants.

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
September 27, 2002.

SYDNEY STEEL CORPORATION SUPERANNUATION FUND

Consolidated Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency as at March 31

	2002	2001
NET ASSET AVAILABLE FOR BENEFITS		
Assets		
Marketable securities under administration:		
Cash and short-term notes	$ 2,219,765	$ 3,714,603
Bonds and debentures	13,730,950	25,200,437
Equities	23,103,835	37,729,932
Interest and dividends receivable	219,855	391,964
	39,274,405	67,036,936
Contributions receivable:		
Sydney Steel Corporation	—	78,148
Employees	—	35,534
	—	113,682
Cash	48,996	5,518
	39,323,401	67,156,136
Liabilities		
Accounts payable and accrued liabilities	357,205	148,349
Net Assets Available for benefits	$ 38,966,196	$ 67,007,787
ACCRUED PENSION BENEFITS AND DEFICIENCY		
Accrued Pension Benefits	$ 236,122,900	$ 247,943,200
Deficiency (Note 3)	(197,156,704)	(180,935,413)
Accrued pension Benefits and Deficiency	$ 38,966,196	$ 67,007,787

See accompanying notes to consolidated financial statements.

SYDNEY STEEL CORPORATION SUPERANNUATION FUND

Consolidated Statement of Changes in Net Assets Available for Benefits for the Year Ended March 31, 2002, with comparative figures for the one month period ending March 31, 2001

	2002	2001
Increase (Decrease) In Assets		
Contributions:		
Sydney Steel Corporation	141,852	33,880
Employees	79,347	16,075
Investment income:		
Interest on investments	1,237,969	146,396
Dividends on investments	487,653	37,256
Gain on sale of investments	3,628,923	219,167
Total increase in assets	5,575,744	452,774
Decrease In Assets		
Benefits paid	28,319,083	1,274,403
Operating expenses (Note 4)	490,506	61,365
Current period change in market values of investments	4,807,746	2,116,077
Total decrease in assets	33,617,335	3,451,845
Decrease In Net Assets	(28,041,591)	(2,999,071)
Net Assets Available for Benefits at Beginning of Period	67,007,787	70,006,858
Net Assets Available for Benefits at End of Period	$ 38,966,196	$ 67,007,787

See accompanying notes to consolidated financial statements.

1. Authority and Description of Plans:

The Sydney Steel Corporation Superannuation Fund (the "Fund") was established under the Sydney Steel Corporation Sale Act and was effective March 1, 2001. The Fund assumed responsibility for the assets and obligations of the former Sydney Steel Corporation pension plans. Under the Sub-section 7(9) of the Sydney Steel Corporation Sale Act the Province of Nova Scotia has assumed responsibility to fund any shortfalls arising under this Fund.

Effective March 1, 2001, assets estimated to be sufficient to settle all obligations of the former Scotia Limestone Limited pension plan were placed with the Nova Scotia Superintendent of Pensions. The remaining former Sydney Steel Corporation Pension Fund assets in the amount of $70,006,858 were transferred to this fund - the Sydney Steel Corporation Superannuation Fund.

The following descriptions are a summary only. For more complete information, reference should be made to the Plan Agreements.

a) United Steel Workers of America Pension Plan:

The Plan is a non-contributory defined benefit plan, covering employees of Sydney Steel Corporation who are members of Locals 1064, 6537 and 6516 of the United Steelworkers of America. Under the Plan, contributions are made only by Sydney Steel Corporation.

A service pension is available based on $30.00 per month per year of service, effective January 1, 1995 (previously $16.50 per month), to a maximum of 35 years plus the amount of pension benefit as established under the provisions of the 1955 Pension Plan.

Disability pensions, termination and death benefits are available if certain criteria are met.

b) Salaried Pension Plan:

The Plan is a partially contributory defined benefit pension plan covering the salaried employees of Sydney Steel Corporation. Under the Plan, contributions are made by the Plan members and Sydney Steel Corporation.

A service pension is available based on $30.00 per month per year of service, effective January 1, 1995 (previously $16.50 per month), to a maximum of 35 years plus certain percentages of required contributions made after May 1, 1955.

Senior management employees receive pension benefits different from the above.

Termination and death benefits are available if certain criteria are met.

c) Canadian Union of Public Employees Pension Plan:

The Plan is a non-contributory defined benefit plan covering employees of Sydney Steel Corporation who are members of Local 1675 of the Canadian Union of Public Employees. Under the Plan, contributions are made only by Sydney Steel Corporation.

A service pension is available based on $35.00 per month per year of service, effective January 1, 1995 (previously $16.50 per month), to a maximum of 35 years plus the amount of pension benefit as established under the provisions of the 1955 Pension Plan.

Disability pensions, termination and death benefits are available if certain criteria are met.

2. Significant accounting policies:

a) Basis of consolidation

The consolidated financial statements include the accounts of the following pension plans:
- United Steel Workers of America Pension Plan
- Salaried Pension Plan
- Canadian Union of Public Employees Pension Plan

b) Basis of presentation

As the Province of Nova Scotia has assumed any shortfall arising under this Fund (note 1), these consolidated financial statements are prepared on the going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity. They are prepared in accordance with Canadian generally accepted accounting principles.

c) Marketable securities

Marketable securities are reported as of the trade date and stated at market value. Market value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Bonds, debentures and equities are valued using published market quotations. Net unrealized appreciation or depreciation for the year is reflected in the Consolidated Statement of changes in Assets Available for Benefits.

d) Gains and losses on sale of investments

Gains and losses arising on the sale of investments are determined by relating the sale proceeds of the investments to their original cost.

e) Foreign Currency Translation

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing on the dates of the transactions. The market value of foreign investments and cash balances held at year end are translated at the rates in effect at that date. The resulting gain or loss from changes in these rates in included in unrealized investment income.

3. Actuarial Valuation

Actuarial valuations of the Plans are carried out periodically and provide an estimate of the accrued pension benefits (Fund liabilities) calculated using various economic and demographic assumptions, based on membership data as at the valuation date. The Plan's consulting actuaries, Eckler Partners Limited performed a valuation as at December 31, 2001 and issued their report in September 2002. The report indicated that the Plans had an unfunded liability of $192.5 million. A projection to March 31, 2002, applying the same assumptions, indicated an unfunded liability of $197.2 million (March 31, 2001 - $180.9 million).

The actuarial valuation projects liabilities for each member on the basis of the pension credit years earned. The actuaries have used the unit credit method of determining the actuarial liability. The major economic and demographic assumptions used in the last valuation are as follows:

	Valuation December 31, 2001
Inflation (only applied to the salary plan)	3.0% per annum
Average Salary Increase	Not applicable
Interest (discount) rate	7.05% per annum
Retirement Age	Earliest unreduced retirement date
Mortality	1994 Group Annuity Mortality Table projected to 2000 using scale AA

4. Operating Expenses

The Fund is charged with administrative and other expenses, certain of which are incurred on behalf of the Fund by the Department of Finance. The following is a summary of these operating expenses.

	2002	2001
Investment Expenses		
Investment management fees	$ 90,646	$ 12,338
Professional services	78,424	7,076
	$ 169,070	$ 19,414
Plan Administration		
Professional services	$ 171,623	$ 21,405
Salaries	138,711	8,280
Supplies and services	3,362	8,212
Travel	6,174	3,065
Other	1,566	989
	$ 321,436	$ 41,951
Total Operating Expenses	$ 490,506	$ 61,365

SYDNEY STEEL CORPORATION SUPERANNUATION FUND

Schedule A - Assets Available for Benefits by Pension Plan
March 31

	United Steel Workers of America (Locals 1064, 6537 and 6516) Pension Plan	Salaried Pension Plan	Canadian Union of Public Employees (Local 1675) Pension Plan	Total
2002				
Investments	$ 14,028,965	$ 24,600,494	$ 644,946	$ 39,274,405
Cash	630	—	48,366	48,996
	14,029,595	24,600,494	693,312	39,323,401
Less: Accounts payable and accrued liabilities	257,821	79,186	20,198	357,205
Net assets available for benefits	$ 13,771,774	$ 24,521,308	$ 673,114	$ 38,966,196
Accrued pension benefits	$ 182,238,800	$ 51,589,300	$ 2,294,800	$ 236,122,900
Deficiency	(168,467,026)	(27,067,992)	(1,621,686)	(197,156,704)
Accrued pension benefits and deficiency	13,771,774	24,521,308	673,114	$ 38,966,196
2001				
Investments	$ 37,200,752	$ 29,004,091	$ 832,093	$ 67,036,936
Contributions receivable	5,170	105,146	3,366	113,682
Cash	5,177	53	288	5,518
	37,211,099	29,109,290	835,747	67,156,136
Less: Accounts payable and accrued Liabilities	108,752	30,821	8,776	148,349
Assets available for benefits	$ 37,102,347	$ 29,078,469	$ 826,971	$ 67,007,787
Accrued pension benefits	$ 192,706,500	$ 52,952,400	$ 2,284,300	$ 247,943,200
Deficiency	(155,604,153)	(23,873,931)	(1,457,329)	(180,935,413)
Accrued pension benefits and deficiency	$ 37,102,347	$ 29,078,469	$ 826,971	$ 67,007,787

SYDNEY STEEL CORPORATION SUPERANNUATION FUND

Schedule B - Changes in Assets Available for Benefits by Pension Plan
Year ended March 31, 2002, with comparative figures for the one month period ending March 31, 2001

	United Steel Workers of America (Locals 1064, 6537 and 6516) Pension Plan	Salaried Pension Plan	Canadian Union of Public Employees (Local 1675) Pension Plan	Total
2002				
Increase in Assets				
Contributions:				
Sydney Steel Corporation	$ 4,064	$ 135,370	$ 2,418	$ 141,852
Employees	10,247	69,100	—	79,347
Interest and dividends on investments	702,333	1,008,007	15,282	1,725,622
Gain on sale of investments	1,476,994	2,119,792	32,137	3,628,923
	2,193,638	3,332,269	49,837	5,575,744
Decrease in Assets				
Benefits paid	23,248,083	4,925,557	145,443	28,319,083
Administrative expenses	319,346	155,486	15,674	490,506
Current period change in market value of investments	1,956,782	2,808,387	42,577	4,807,746
	25,524,211	7,889,430	203,694	33,617,335
Decrease in Net Assets	(23,330,573)	(4,557,161)	(153,857)	(28,041,591)
Assets available for benefits, beginning of year	37,102,347	29,078,469	826,971	67,007,787
Assets available for benefits, end of year	$ 13,771,774	$ 24,521,308	$ 673,114	$ 38,966,196
2001				
Increase in Assets				
Contributions:				
Sydney Steel Corporation	$ 1,361	$ 31,491	$ 1,028	$ 33,880
Employees	—	16,075	—	16,075
Interest and dividends on investments	102,203	79,172	2,277	183,652
Gain on sale of investments	122,067	94,404	2,696	219,167
	225,631	221,142	6,001	452,774
Decrease in Assets				
Benefits paid	973,354	295,358	5,691	1,274,403
Administrative expenses	48,129	11,167	2,069	61,365
Current period change in market value of investments	1,177,597	912,241	26,239	2,116,077
	2,199,080	1,218,766	33,999	3,451,845
Decrease in Net Assets	(1,973,449)	(997,624)	(27,998)	(2,999,071)
Assets available for benefits, March 1, 2001	39,075,796	30,076,093	854,969	70,006,858
Assets available for benefits, March 31, 2001	$ 37,102,347	$ 29,078,469	$ 826,971	$ 67,007,787

Unaudited

TIDAL POWER CORPORATION

Balance Sheet
for the period ended January 31, 2002

	2002	2001
ASSETS		
Current Assets		
Bank	$ —	$ 43,672
Fixed Assets		
Office Furniture	—	7,178
Less Accumulated Depreciation	—	4,068
	—	3,110
Computer Equipment	—	4,875
Less Accumulated Depreciation	—	2,922
	—	1,953
Total Assets	$ —	$ 48,735
LIABILITIES		
Liabilities	$ —	$ —
EQUITY		
Opening Retained Earnings	48,735	47,524
Current Earnings	(4,967)	1,211
Dispositions	43,768	—
Closing Retained Earnings	—	48,735
Liabilities/Equity	$ —	$ 48,735

Income Statement
for the period ended January 31, 2002

	2002	2001
Revenue		
Interest Income	$ 159	$ 2,075
Total Revenue	$ 159	$ 2,075
Expenses		
Administration-Bank Charges	$ 63	$ 18
Depreciation Expense		
Furniture/Equipment	—	359
Computer	—	487
Loss on Disposal of Fixed Assets	3,110	
Loss on Disposal of Computer Equipment	1,953	
Total Expenses	5,126	864
Net Income	$ (4,967)	$ 1,211

Unaudited

TIDAL POWER CORPORATION

Schedule of Interest and Charges
January 31, 2002

Month	Interest	Charges
April	$ —	$ —
May	152.54	10.01
June	0.43	6.00
July	0.39	6.00
August	0.38	6.00
September	0.34	6.00
October	0.27	6.00
November	0.26	6.00
December	0.16	6.00
January	4.12	11.00
Total	$ 158.89	$ 63.01

Notes to Financial Statements
January 31, 2002

1. **Authority**

The Tidal Power Corporation was established by the Tidal Power Corporation Act which came into force on April 22, 1971. The object of the Corporation is to obtain, for Nova Scotia, the maximum benefit which may be derived from exploitation of tidal power and undertakings which are ancillary to, connected with, or may arise as a result of exploitation.

Tidal Power Corporation was dissolved by Cabinet through Order-in Council #2001-114, dated March 9, 2001. The residual funds belonging to the Corporation have been transferred to the Department of Natural Resources for use by the Energy Utilization section of the department for energy efficiency or alternative energy projects, in particular, the climate change project.

AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the consolidated balance sheet of Trade Centre Limited as at March 31, 2002 and the consolidated statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Halifax, Canada
June 7, 2002

TRADE CENTRE LIMITED

Consolidated Balance Sheet
March 31, 2002, with comparative figures for 2001

ASSETS

	2002	2001
Current assets:		
Cash and cash equivalents	$ 1,997,215	$ 2,690,170
Accounts receivable (note 2)	1,804,995	1,869,306
Inventories	138,771	125,585
Prepaid expenses	237,361	43,741
	4,178,342	4,728,802
Property and equipment (note 3):		
Land, building, furniture and equipment and tenant leaseholds	39,726,176	38,599,034
Less accumulated depreciation and amortization	(23,240,041)	(21,597,506)
	16,486,135	17,001,528
	$ 20,664,477	$ 21,730,330

LIABILITIES AND SHAREHOLDER'S EQUITY

	2002	2001
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,847,154	$ 1,465,654
Due to the Province of Nova Scotia	502,221	561,065
Event deposits	615,765	497,166
Deferred revenue	84,647	16,443
	3,049,787	2,540,328
Shareholder's equity:		
Capital stock:		
Authorized: 1,000,000 common shares without par value		
Issued and outstanding: 100 common shares	100	100
Contributed surplus (note 4)	45,173,101	45,173,101
Deficit	(27,558,511)	(25,983,199)
	17,614,690	19,190,002
	$ 20,664,477	$ 21,730,330

Commitments (note 5)
Contingencies (note 6)

See accompanying notes to consolidated financial statements.

TRADE CENTRE LIMITED

Consolidated Statement of Operations and Deficit
Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Revenues:		
Convention Centre	$ 4,440,049	$ 5,122,152
Office Tower	2,114,593	2,124,192
Exhibition Park	1,558,984	1,479,383
World Trade Centre and Windows	585,926	659,149
Halifax Regional Municipality Convention Centre Subsidy (note 7)	473,341	471,925
	9,172,893	9,856,801
Expenses:		
Event expenses	3,563,690	3,795,727
Salaries, wages and benefits	1,931,959	2,084,013
Administration	551,801	648,779
Advertising and marketing	650,022	652,359
Maintenance	760,761	857,844
Energy	716,312	810,856
Taxes and insurance	1,003,980	896,967
	9,178,525	9,746,545
Income (loss) before other items	(5,632)	110,256
Other income:		
Gain on disposal of assets	—	5,440
Interest income on short-term investments	72,854	160,985
	72,854	166,425
	67,222	276,681
Other expenses:		
Depreciation and amortization	1,642,534	1,548,705
Loss for the year	(1,575,312)	(1,272,024)
Deficit, beginning of year	(25,983,199)	(24,643,701)
Change in accounting policy (note 1 (h))	—	(67,474)
Deficit, end of year	$ (27,558,511)	$ (25,983,199)

See accompanying notes to consolidated financial statements.

TRADE CENTRE LIMITED

Consolidated Statement of Cash Flows
Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Cash provided by (used in):		
Operations:		
Loss for the year	$ (1,575,312)	$ (1,272,024)
Items not involving cash:		
Depreciation and amortization	1,642,534	1,548,705
Gain on disposal of assets	—	(5,440)
Change in non-cash operating working capital	366,964	(48,539)
	434,186	222,702
Investments:		
Proceeds on disposal of furniture and equipment	10,927	10,511
Purchase of property and equipment	(1,138,068)	(545,234)
	(1,127,141)	(534,723)
Decrease in cash and cash equivalents	(692,955)	(312,021)
Cash and cash equivalents, beginning of year	2,690,170	3,002,191
Cash and cash equivalents, end of year	$ 1,997,215	$ 2,690,170

See accompanying notes to consolidated financial statements.

Notes to Financial Statements
Year ended March 31, 2002

The Trade Centre Limited is incorporated under the laws of the Province of Nova Scotia and its principal business activities include the operation of a trade and convention centre, leasing of office and commercial space and the operation of Exhibition Park. Trade Centre Limited is a government business-type enterprise as defined by Public Sector Accounting and Assurance Recommendations.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of Trade Centre Limited and those of Maritime Fall Fair Association (the "Association"). Trade Centre Limited exercises control over the Association by virtue of its ability to control the Association's Advisory Board. The Association was incorporated under the Nova Scotia Societies Act on December 22, 1999 and its principal activity is the operation of the annual agricultural fair located at Exhibition Park.

(b) Divisional operations:

The Trade Centre Limited consists of four divisions: the Convention Centre, the Office Tower, Exhibition Park and the World Trade Centre. Revenue and expenses are recorded on the accrual basis.

(c) Cash and cash equivalents:

Cash and cash equivalents include amounts on deposit with financial insititutions and investments with maturities of 90 days or less.

(d) Inventories:

Inventories are valued at the lower of cost and net realizable value.

(e) Property and equipment:

Property and equipment is stated at cost, net of government assistance. Depreciation and amortization is provided on the straight-line basis over the following terms:

Asset	**Rate**
Buildings	15 to 30 years
Furniture and equipment	3 to 5 years
Tenant leaseholds	Lease term

(f) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These significant estimates include the provision for the settlement of the Atlantic Winter Fair liabilities assumed upon taking over management of Exhibition Park. Actual results could differ from these estimates.

(g) Employee future benefits:

(i) Public service award:

Upon retirement, employees are eligible for a public service award equal to one week's salary per year of serivce to a maximum of six months salary. Management recognizes compensation expense on an accrual basis.

(ii) Pension Plan:

Full time employees of the Trade Centre Limited are members of the Nova Scotia Public Service Superannuation Plan. Accrued benefit obligations are recognized in the financial statements of the Province of Nova Scotia.

(h) Change in accounting policy

Trade Centre Limited has implemented Section 3461 of the CICA Handbook, Employee Future Benefits ("Section 3461") and has reported the cumulative effect of this change in the consolidated statement of operations and deficit as an adjustment to opening deficit for the year ended March 31, 2001. The change in accounting policy is for Public Service Awards, which were previously recognized as an expense when paid to retiring employees.

The cumulative effect of this change for Public Service Awards of $67,474 is determined as of April 1, 2000 and is reported separately in the consolidated statement of operations and deficit as a restatement of the opening balance.

2. Accounts receivable:

	2002	2001
Halifax Metro Centre	$ 665,854	$ 675,941
Due from Halifax Regional Municipality	—	471,925
Convention Centre events	445,756	404,161
Exhibition Park events	306,438	158,218
Events Halifax funding	205,522	183,717
World Trade Club	39,770	34,438
Other	40,180	19,669
Office Tower rents	135,739	—
	1,839,259	1,948,069
Less allowance for doubtful accounts	(34,264)	(78,763)
	$ 1,804,995	$ 1,869,306

3. Property and equipment:

	Cost	Accumulated depreciation and amortization	2002 Net	2001 Net
Land	$ 213,113	$ —	$ 213,113	$ 213,113
Building	34,617,376	18,769,448	15,847,928	16,170,193
Furniture and equipment	3,389,929	3,037,089	352,840	339,564
Tenant leaseholds	1,505,758	1,433,504	72,254	278,658
	$ 39,726,176	$ 23,240,041	$ 16,486,135	$ 17,001,528

4. Contributed surplus:

	2002	2001
Government of Canada	$ 2,750,000	$ 2,750,000
Halifax Regional Municipality	1,500,000	1,500,000
Province of Nova Scotia	40,923,101	40,923,101
	$ 45,173,101	$ 45,173,101

Contributed surplus consists of non-repayable grants from the three levels of government as set forth above to assist in the financing of the capital cost of the project. These grants have been treated as contributed surplus since they have been received by virtue of the Province of Nova Scotia's position as the sole shareholder of the Trade Centre Limited.

5. Commitments:

(a) Trade Centre Limited is committed to payments under operating leases with terms expiring between 2002 and 2004. Annual payments are as follows:

2003	$ 52,018
2004	27,019

(b) Trade Centre Limited has entered into a contract in which they have guaranteed a miminum profit in the amount of $3,000,000 to the Canadian Hockey Association in connection with the hosting of the world Junior Hockey Championship by the Halifax Metro Centre in 2003.

As of March 31, 2002, advance ticket sales had exceeded $3,000,000.

6. Contingencies

(a) Trade Centre Limited is in a dispute with the Halifax Regional Municipality regarding an obligation to pay property taxes and grant-in-lieu of business occupancy taxes for Exhibition Park.

The Halifax Regional Municipality has billed Trade Centre Limited approximately $530,000 in property taxes for Exhibition Park relating to fiscal years 2002 and 2001 in the amounts of $264,000 and $266,000, respectively. No amount has been accrued as it is management's position that, as a crown corporation, Trade Centre Limited is exempt from these items.

(b) As of March 31, 2002 there are a number of claims against Trade Centre Limited and the Halifax Regional Municipality for events which have arisen in the normal course of carrying on the operations of Trade Centre Limited. It is not possible at this time to determine the amounts that may be assessed against either party, or the impact to the Trade Centre Limited financial statements, with respect to these claims.

7. Halifax Regional Municipality Convention Centre Subsidy:

Pursuant to the Financing Agreement of May 14, 1982, the Halifax Regional Municipality makes an annual contribution to the operating deficit of the Convention Centre. In this respect, the Trade Centre Limited has recognized the contribution relating to the 2002 fiscal year in these consolidated financial statements.

TRANSPORTATION TRUST FUND

Continuity of Transportation Trust Fund
for the year ended March 31, 2002

		2002	2001
Balance, beginning of year		$ —	$ —
Add:	Revenue collected during year	39,044,896.00	35,629,724.00
		39,044,896.00	35,629,724.00
Deduct:	Refund of Payments	2,389,645.00	8,073,506.00
	Department of Transportation and Public Works Expenditures (Schedule 1)	31,077,552.85	23,458,818.78
	Transfer to consolidated Fund	5,577,698.15	4,097,399.22
		39,044,896.00	35,629,724.00
Balance - end of year		$ —	$ —

Transportation Trust Fund Expenditures
for the year ended March 31, 2002

Highway	2002	2001
101	$ 7,876,050.58	$ 3,652,383.69
102	4,701,522.72	4,576,798.11
103	1,779,996.75	1,221,732.75
104	5,264,786.86	5,791,201.59
105	7,844,833.02	3,188,878.48
106	—	157,966.05
107	233,532.46	160,000.00
111	1,019,226.00	297,368.21
113	78,428.26	500,000.00
118	3,500.00	—
125	1,443,060.20	3,840,319.80
Misc	832,616.00	72,170.10
Total Expenditure	$ 31,077,552.85	$ 23,458,818.78

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the balance sheet of Upper Clements Family Theme Park Limited as at March 31, 2002, and the statement of income and deficit for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. SALMON, F.C.A.
Auditor General

Halifax, Nova Scotia
June 21, 2002

PROVINCE OF NOVA SCOTIA
UPPER CLEMENTS FAMILY THEME PARK LIMITED

Balance Sheet
as at March 31, 2002

	2002	2001
ASSETS		
Current		
Cash	$ —	$ 107
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,000	$ 4,680
	1,000	4,680
Equity		
Capital stock	1	1
Contributed surplus (Note 3)	5,667,174	5,667,174
Deficit	(5,668,175)	(5,671,748)
	(1,000)	(4,573)
	$ —	$ 107

Continguency (Note 5)

Statement of Income and Deficit
for the year ended March 31, 2002

	2002	2001
Revenue		
Contributions from the Province (Note 4)	$ 4,994	$ 31,700
	4,994	31,700
Expenses		
Professional fees	1,050	2,000
Workers' compensation (Note 2)	179	32,037
Dues and fees	85	85
Miscellaneous	107	79
	1,421	34,201
Less: Adjustment to workers' compensation benefits (Note 2)	—	7,569
	1,421	26,632
Net Income	3,573	5,068
Deficit, beginning of year	(5,671,748)	(5,676,816)
Deficit, end of year	$ (5,668,175)	$ (5,671,748)

See accompanying notes to financial statements.

Notes to Financial Statements
March 31, 2002

1. Authority

The Upper Clements Family Theme Park Limited was created by Order-in-Council #88-17 for the purpose of assisting in the establishment and operation of a family theme park. On April 6, 1994 the Company transferred all of its fixed assets to its shareholder, the Province of Nova Scotia.

The Province has subsequently entered into leasing arrangements with third parties to continue the operations of the park, the latest effective February 1, 1997 to January 31, 2007. Revenue and costs associated with the lease arrangements are included in the accounts of the Province.

The Company's affairs are being managed by staff of the Department of Tourism and Culture, and it is not actively involved in the operation of the family theme park.

2. Significant Accounting Policies

(a) *Basis of Financial Statement Presentation*

These financial statements have been prepared in accordance with generally accepted accounting principles. A statement of cash flow is not provided since disclosure in the balance sheet and income statement is considered adequate.

(b) *Workers' Compensation Benefits*

This balance represents management's best estimate of the present value of the future payments required for workers' compensation benefits of a former employee. An adjustment to workers' compensation benefits occurs when changes are made to the assumptions used in estimating the long-term liability. During the 2001 fiscal year, a settlement was accepted by the individual receiving benefit payments which eliminated the long-term liability.

3. Contributed Surplus

The contributed surplus balance represents the Province of Nova Scotia's investment in the fixed assets of the park when it was created net of a reduction made in 1994 when the fixed assets were transferred to the Province. No gain or loss was realized on the transfer.

4. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is a related party of the Company. The Company is economically dependent on contributions from the Province of Nova Scotia to continue operating. The extent to which this assistance will be received in the future has not been determined. Details of any transactions between the related parties are separately disclosed in the financial statements.

5. Contingent Liability

An individual, who incurred injuries while working at the park and was receiving workers' compensation benefits, received a lump sum settlement in the 2001 fiscal year. At some point in the future, if the individual's condition becomes worse, additional workers' compensation benefits would be payable by the Company.

Unaudited

VICTIMS' ASSISTANCE FUND

Balance Sheet
as at March 31, 2002

ASSETS

		2002		2001
Cash	$	410,982.14	$	292,274.87
Investments		498,870.29		747,187.27
	$	909,852.43	$	1,039,462.14

LIABILITIES

		2002		2001
Fund	$	909,852.43	$	1,039,462.14

Continuity of Fund
for the year ended March 31, 2002

		2002		2001
Balance, beginning of year	$	1,039,462.14	$	1,075,163.90
Receipts:				
Investment income		27,715.90		37,311.33
Bank interest		10,098.16		19,392.77
Deposits		778,270.34		843,542.69
		816,084.40		900,246.79
Disbursements		(945,694.11)		(935,948.55)
Balance, end of year	$	909,852.43	$	1,039,462.14

Note to the Financial Statements
March 31, 2002

Investments at March 31, 2002 consisted of the following:

$499,789.88 TD Bank Banker's Acceptance 2.04% March 13, 2002 to April 15, 2002	$	498,870.29

AUDITORS' REPORT

To the Shareholder of
Waterfront Development Corporation Limited

We have audited the balance sheet of Waterfront Development Corporation Limited as at March 31, 2002 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002, and the results of its operations and cash flows for the year ended in accordance with Canadian generally accepted accounting principles.

GRANT THORNTON LLP
Chartered Accountants

Halifax, Nova Scotia
May 10, 2002

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Statement of Earnings and Retained Earnings
Year Ended March 31, 2002

	2002	Restated 2001
Revenue		
Rents	$ 3,005,302	$ 2,790,989
Recoveries	87,057	1,778
Interest income	84,261	11,327
Other income	104,526	25,941
Gain on sale of properties	8,335	307,484
Grant revenue	115,000	
	3,404,481	3,137,519
Property Expenses		
Property taxes	21,193	47,635
Operating	549,757	538,984
Depreciation and amortization	287,136	248,067
	858,086	834,686
Income before other items	2,546,395	2,302,833
Corporate expenses		
Directors fees and expenses	30,517	21,798
Doubtful accounts	—	3,519
Office operations	55,753	51,945
Professional fees		
Audit	15,574	12,050
Consultants	61,318	14,502
Planning study	21,885	72,321
Legal (recovery)	(9,042)	15,066
Salaries, contracts and benefits	402,284	341,110
Waterfront promotions and public relations	27,833	8,229
	606,122	540,540
Loan interest	421,646	805,126
Depreciation on facilities for public access	82,741	79,511
Contribution to non-owned infrastructure	47,588	6,136
	551,975	890,773
Net earnings before unusual item	1,388,298	871,520
Unusual item (Note 14)	240,000	—
Net earnings	$ 1,148,298	$ 871,520
Retained earnings, beginning of year, as previously reported	$ 971,056	$ 826,047
Amalgamation of BWDCL (Note 1)	—	123,489
Retained earnings, restated	971,056	949,536
Net earnings	1,148,298	871,520
Transfer to General Development Reserve (Note 7)	(450,000)	(450,000)
Transfer to Infrastructure Renewal Fund (Note 8)	(400,000)	(400,000)
Retained earnings, end of year	$ 1,269,354	$ 971,056

See accompanying notes to the financial statements.

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Balance Sheet
March 31, 2002

ASSETS

	2002	Restated 2001
Receivables - trade	$ 453,835	$ 809,448
Notes receivable (Note 3)	74,438	112,176
Mortgage receivable	—	1,400,000
Prepaids	6,319	24,420
Real estate and development projects (Note 4)	27,724,045	27,902,580
Deferred costs	22,006	11,791
	$ 28,280,643	$ 30,260,415

LIABILITIES

	2002	Restated 2001
Bank indebtedness (Note 5 and 9)	$ 277,055	$ 17,430
Payables and accruals	199,625	503,737
Deferred dock recovery	15,000	15,000
Loan payable (Note 5)	10,155,364	13,255,363
	10,647,044	13,791,530

SHAREHOLDER'S EQUITY

	2002	Restated 2001
Capital stock (Note 6)	3	3
Contributed surplus	13,747,826	13,747,826
General Development Reserve (Note 7)	1,800,000	1,350,000
Infrastructure Renewal Fund (Note 8)	816,416	400,000
Retained Earnings	1,269,354	971,056
	17,633,599	16,468,885
	$ 28,280,643	$ 30,260,415

Commitments (Note 10)
Contingency (Note 13)

See accompanying notes to the financial statements.

WATERFRONT DEVELOPMENT CORPORATION LIMITED

Statement of Cash Flows
Year Ended March 31, 2002

	2002	Restated 2001
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings	$ 1,148,298	$ 871,520
Gain on sale of property	(8,335)	(307,484)
Depreciation and amortization	369,877	327,578
	1,509,840	891,614
Change in non-cash operating working capital (Note 9)	1,459,388	45,206
	2,969,228	936,820
Financing		
Interest earned on Infrastructure Renewal Fund	16,416	—
Decrease in notes receivable, net	37,738	36,645
Decrease in loan payable	(3,100,000)	(2,500,000)
	(3,045,846)	(2,463,355)
Investing		
Purchase of		
Equipment	(10,117)	(5,050)
Real estate and construction projects, net	(181,790)	(498,842)
Proceeds from sale of property	8,900	2,224,571
	(183,007)	1,720,679
Net (decrease) increase in cash and cash equivalents	(259,625)	194,144
Bank indebtedness, net of cash and cash equivalents		
Beginning of year	(17,430)	(211,574)
End of year	$ (277,055)	$ (17,430)

See accompanying notes to the financial statements.

1. Nature of operations

The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor in Council No. 76-373 dated March 30, 1976.

The Corporation's mission is the stewardship, long term development and revitalization of the Halifax, Dartmouth and Bedford waterfronts, including the encouragement of promotional activity to attract public attention and use of these areas.

On April 1, 2001 the Waterfront Development Corporation amalgamated with the Bedford Waterfront Development Corporation Limited (BWDCL). The amalgamation has been accounted for as a pooling of interests and accordingly the assets, liabilities, net earnings and cash flow from operations of the predecessor companies have been combined in the amalgamated company. The amalgamation has been accounted for retroactively and the comparative amounts for 2001 have been restated to include operations of BWDCL as follows:

	Increase (Decrease)
Receivables and prepaids	$ 2,029,692
Real estate and development projects	1,158,528
Payables, accruals and indebtedness	(90,632)
Loan payable	3,155,363
Retained earnings	123,489

2. Summary of significant accounting policies

Capitalization

All expenditures directly related to acquisition, renovation and development are included in the cost of real estate. Revenue generated as a result of property development is applied as a reduction in the cost.

Government assistance

Government assistance for capital projects are accounted for as a reduction in the capital cost of the applicable project. Government assistance related to the cost recovery of overhead costs are accounted for as grant revenue.

Income taxes

As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of the Income Tax Act.

Depreciation

Building and equipment
Assets are depreciated on a straight line basis over their useful life, but not greater than 50 years, at rates between 2% and 33.3% per annum.

Long-term lease
The cost of the lease referred to in Note 4 is amortized over its term.

Development costs
Costs for projects constructed on Corporation lands are capitalized and depreciated at 2% per annum.

Use of estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Bank indebtedness and cash equivalents

Bank indebtedness is comprised of cash on hand, cash held in banks and an operating line of credit.

3. Notes receivable

	2002	2001
Note receivable bearing interest at a variable rate calculated annually, repayable in blended monthly payments of $1,712, maturing June 2006.	$ 60,236	$ 82,389
Note receivable bearing interest at 9%, repayable in blended monthly payments of $253, maturing April 2008.	14,202	15,910
Note receivable repaid during the year	—	13,877
	$ 74,438	$ 112,176

4. Real estate and development projects

	Cost	Accumulated Depreciation	2002 Net Book Value	2001 Net Book Value
Facilities for public access	$ 6,416,566	$ 1,281,928	$ 5,134,638	$ 5,215,898
Real estate and development projects	26,518,692	3,929,285	22,589,407	22,686,682
	$ 32,935,258	$ 5,211,213	$ 27,724,045	$ 27,902,580

Included in the cost of real estate is a prepaid long-term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options. Current year additions of real estate and development projects are recorded net of revenues, in the amount of $446,704.

5. Credit facility

(i) The Corporation has available a combined credit facility of $18,100,000, of which $14,500,000 is secured by a guarantee of the Province of Nova Scotia, bearing interest at prime, less 0.95 percent. The additional $3,600,000 is available at the Bank's prime rate to be secured by a negative pledge regarding its realy property.

(ii) Loan payable

	2002	2001
Capital projects	$ 8,400,000	$ 10,100,000
Department of Economic Development	1,755,364	3,155,363
	$ 10,155,364	$ 13,255,363

The loan from the Department of Economic Development is secured by a charge over specific real property and is to be repaid from excess funds generated from sales of real estate development.

6. Capital stock

	2002	2001
Authorized		
5,000 shares without nominal or par value		
Issued:		
3 shares	$ 3	$ 3

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

7. General development reserve

	2002	2001
Beginning balance	$ 1,350,000	$ 900,000
Transfer from operations	450,000	450,000
Ending balance	$ 1,800,000	$ 1,350,000

The Board of Directors has established this reserve for future development and promotional projects. Contributions to and expenditures from this reserve will be decided by the Board of Directors.

8. Infrastructure Renewal Fund

The infrastructure renewal fund shall be used for the renewal or replacement of public use facilities such as wharves, boardwalks, and parks, when such work is required as a result of aging. In general, the fund will not be used for ordinary repairs necessitated by other causes, or for repair/replacement of minor portions of such assets. Exceptions may be made when deemed appropriate by management in consultation with the Board. Interest has been allocated to the fund based on the interest rate paid on the credit facility. This fund will be funded from the current credit facility.

	2002	2001
Beginning balance	$ 400,000	$ —
Transfer from operations	400,000	400,000
Interest earned	16,416	—
Ending balance	$ 816,416	$ 400,000

9. Supplemental cash flow information

Change in non cash operating working capital

	2002	2001
Receivables	$ 1,755,614	$ 72,060
Deferred dock recovery	—	15,000
Prepaids	18,101	(3,067)
Payables and accruals	(304,112)	(39,693)
Deferred costs	(10,215)	906
	$ 1,459,388	$ 45,206

Bank indebtedness and cash equivalents are comprised of the following:

Cash in bank account and on hand	$ 38,009	$ 170,860
Line of credit	(315,064)	(188,290)
	$ (277,055)	$ (17,430)
Interest paid	$ 421,646	$ 805,126

10. Commitments

The Corporation has entered into a lease agreement for the water lot portion of Queen's Wharf. Minimum lease payments over the next five years, assuming renewal at similar terms, are as follows:

2002	1,016
2003	1,016
2004	1,016
2005	1,016
2006	1,016

11. Financial instruments

The fair values of cash and receivables approximate their carrying amounts because of their short term to maturity. The fair value of loans receivable approximate their carrying amounts because of variable interest rates and an insignificant fluctuation in the interest rates for those with fixed rates.

The fair values of payables and accruals and note payable approximate their carrying amounts because of their short term to maturity and variable interest rate.

12. Employee pension plan

The Corporation is a participant in a multi-employer pension plan, the Nova Scotia Public Sector Superannuation Plan. The plan required the payment costs for past service benefits which are being amortized to earnings over the expected average remaining service life of the employee group.

The most recent actuarial valuation of this plan was completed as at December 31, 1999 and includes pension assets of $2,881,300,000, and pension liabilities of $2,723,800,000, resulting in a pension surplus of $157,500,000. This surplus has resulted in a pension holiday for its participants. The amount applicable to the Corporation is not determinable and should not be significant as its participation includes only five employees.

13. Contingency

Waterfront Development Corporation is a defendant in an action brought forward, claiming specific performance of an alleged Agreement of Purchase and Sale for Parcel 4.5, lands of WDCL. This site has subsequently been sold, under which the agreement of purchase and sale required the Corporation to enter into an indemnity agreement to protect the purchaser against possible legal expenses and claims arising from this action. The outcome is undeterminable at this time and no amounts have been accrued in these financial statements. Should the outcome be unfavourable, the Province will reimburse the Corporation for the amount settled.

14. Unusual item

During the year the Corporation settled a lawsuit for $240,000. This lawsuit was previously disclosed in the financial statements of Bedford Waterfront Development Corporation Limited. The Corporation is party to a suit against a third party in an attempt to recover certain of the funds paid.

AUDITORS' REPORT

To the Members of the Board of Directors
Workers' Compensation Board of Nova Scotia

We have audited the statement of financial position of the Workers' Compensation Board of Nova Scotia (the "WCB") as at December 31, 2001 and 2000 and the statements of operations and unfunded liability and cash flows for the years then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young, LLP
Chartered Accountants

Halifax, Nova Scotia
March 5, 2002

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Financial Position
as at December 31, 2001

	2001	2000
	(in thousands)	
ASSETS		
Cash	$ 9,108	$ 8,122
Receivables (Note 3)	16,321	20,168
Investments (Note 4 and 13)	690,352	621,035
Property and equipment (Note 5)	13,167	12,574
Other assets (Note 6)	1,950	2,100
	$ 730,898	$ 663,999
LIABILITIES		
Payables and accruals	$ 13,768	$ 13,641
Employee future benefits (Notes 2e, 7 and 17)	3,490	3,143
Benefits liabilities (Note 8)	1,002,978	955,004
	1,020,236	971,788
Unfunded liability	(289,338)	(307,789)
	$ 730,898	$ 663,999

Commitments (Note 15)
Contingencies (Note 16)

The accompanying notes are an integral part of the financial statements.

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Operations and Unfunded Liability
Year Ended December 31, 2001

	2001	2000
	(in thousands)	
Revenue		
Assessments (Note 9 and 13)	$ 189,914	$ 194,260
Net investment income (Note 13)	48,616	62,103
	238,530	256,363
Claims costs incurred (Note 8 and 13)		
Short-term disability	34,788	28,892
Long-term disability	54,028	52,777
Survivor benefits	5,305	6,022
Health care	22,776	18,263
Rehabilitation	2,289	1,693
	119,186	107,647
Growth in present value of benefits liabilities and actuarial experience adjustments (Note 8)	69,306	82,278
Administration costs (Notes 10 and 13)	24,524	25,466
Legislated obligations (Note 11)	7,063	7,269
	220,079	222,660
Excess of revenue over expenses applied to reduce the unfunded liability	18,451	33,703
Unfunded liability, beginning of year	(307,789)	(341,492)
Unfunded liability, end of year	$ (289,338)	$ (307,789)

The accompanying notes are an integral part of the financial statements.

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Statement of Cash Flows
Year Ended December 31, 2001

	2001	2000
	(in thousands)	
Operating Activities		
Cash received from:		
Employers, for assessments	$ 191,830	$ 181,877
Net investment income	48,616	62,103
	240,446	243,980
Cash paid to:		
Claimants or third parties on their behalf	(138,667)	(123,979)
Suppliers, for administrative and other goods and services	(28,609)	(26,318)
	(167,276)	(150,297)
Deferred Charges (Note 18)	—	923
Net cash provided by operating activities	73,170	94,606
Investing Activities		
Increase in investments	(69,317)	(87,716)
Cash paid for:		
Purchases of equipment	(2,867)	(3,975)
Net cash used in investing activities	(72,184)	(91,691)
Net increase in cash	986	2,915
Cash, beginning of year	8,122	5,207
Cash, end of year	$ 9,108	$ 8,122

The accompanying notes are an integral part of the financial statements.

1. NATURE OF OPERATIONS

The Workers' Compensation Board of Nova Scotia ("the WCB") was established by the Nova Scotia Legislature in 1917, under the Workers' Compensation Act (the "Act"), and as such is exempt from income tax. The WCB is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

A new Act received Royal Assent on February 6, 1995. The Act contains several provisions dealing with retroactive entitlement for permanent disability. Permanent injuries incurred before March 23, 1990, will be compensated according to the worker's level of physical impairment. Permanent injuries incurred on or after this date are primarily compensated according to the earnings loss resulting from the injury.

Amendments to the Act received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of certain survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than to age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, which include the following accounting policies:

a) Assessments Receivable

Assessments receivable and assessment revenue include a provision for unbilled assessments to reflect anticipated revisions based upon actual payroll information received in the following year.

b) Investments

Fixed-term investments are recorded at amortized cost. Gains or losses realized on disposal of fixed-term investments are amortized on a straight-line basis over a five-year period.

Equity investments are stated at moving average market value. Under this method unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss and the write down is included in the income of the year in which it occurs.

c) **Property and Equipment**

Property and equipment are stated at cost, less accumulated amortization. Amortization is charged on a straight-line basis over a period of 40 years for the building, 5 to 10 years for furniture and facilities, and equipment and hardware. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development and on a declining balance basis at an annual rate of 30 percent for software purchases. In the year of acquisition, a half-year's amortization is taken.

d) **Other Assets**

Other assets are stated at cost, less accumulated amortization, which is charged on a straight-line basis over 25 years.

e) **Employee Future Benefits**

Effective January 1, 2000, the WCB retroactively adopted an accounting policy to record its liability for employee future benefits. The main components of this change were as follows:

- Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits. The costs associated with non-pension future benefits were previously expensed as incurred.

- The cumulative effect of this accounting policy change as of January 1, 2000 was an increase to the employee future benefits of $2,735 and an increase to the unfunded liability for the same amount.

- Actuarial gains and losses are amortized on a straight-line basis over the employee's average remaining service life.

f) **Benefits Liabilities**

An independent actuary completes a valuation of the Benefits Liabilities of the WCB at each year-end. The Benefits Liabilities represent the actuarial present value of all future benefits payments expected to be made for accidents which occurred in the current fiscal year or in any prior year. The Benefits Liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to occupational disease or for future expenses of administration of existing claims (see also Note 8).

g) **Foreign Currency Translation**

Investments denominated in foreign currencies are converted to Canadian dollars at rates of exchange prevailing at the balance sheet date. The resulting translation adjustment is deferred and amortized on a straight-line basis over a five-year period, consistent with the accounting policy for Investments.

h) **Measurement Uncertainty**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

i) **Financial Instruments**

The carrying values of WCB's financial instruments, other than investments, approximate fair values because of their short-term maturity and normal credit terms. Investments are recorded as described in note 2b.

The WCB's accounts receivable do not represent significant concentration of credit risk because the accounts are owed by a large number of employers on normal credit terms. At year-end the WCB did not have any exposure relating to derivative instruments.

j) Comparative Figures

Certain 2000 comparative figures have been reclassified to conform with the 2001 presentation.

3. RECEIVABLES

	2001	2000
	(in thousands)	
Assessments	$ 14,944	$ 18,762
Self-insured employers (Note 12)	4,365	4,457
Assessments receivable	19,309	23,219
Self-insured employers - deposits (Note 12)	(4,001)	(4,001)
Harmonized Sales Tax rebate	396	465
Other	617	485
	$ 16,321	$ 20,168

Assessments receivable are net of allowance for doubtful accounts of $1,687 in 2001 (2000 -$1,251). Other receivables are net of allowance for doubtful accounts of $99 in 2001 (2000 - $72).

4. INVESTMENTS

	2001	2000
	(in thousands)	
Money Market	$ 56,455	$ 86,567
Fixed-term investments	231,708	243,992
Equities	440,358	336,429
Accrued interest	2,757	3,247
	731,278	670,235
Deferred investment and foreign exchange gains	(40,926)	(49,200)
Total	$ 690,352	$ 621,035

The market value of the investments at December 31, 2001 is $731,704 (2000 - $707,476).

5. PROPERTY AND EQUIPMENT

	2001		
	Cost	Accumulated Amortization	Net Book Value (in thousands)
Land	$ 155	$ —	$ 155
Building	3,380	1,300	2,080
Furniture and facilities	1,994	557	1,437
Equipment and computer hardware	2,881	1,717	1,164
Software and process development	14,593	6,262	8,331
	$ 23,003	$ 9,836	$ 13,167

	2000		
	Cost	Accumulated Amortization	Net Book Value (in thousands)
Land	$ 155	$ —	$ 155
Building	3,279	1,215	2,064
Furniture and facilities	1,719	504	1,215
Equipment and computer hardware	3,120	1,794	1,326
Software and process development	13,016	5,202	7,814
	$ 21,289	$ 8,715	$ 12,574

6. OTHER ASSETS

	2001	2000
	(in thousands)	
Cost	$ 3,750	$ 3,750
Accumulated amortization	(1,800)	(1,650)
	$ 1,950	$ 2,100

During 1990, the WCB paid $3,750 to the Province of Nova Scotia for the exclusive right to utilize a 16-bed unit at the Queen Elizabeth II Health Sciences Centre for a period of 25 years.

7. EMPLOYEE FUTURE BENEFITS

The WCB has provided for employee future benefits other than pensions consisting of retirement allowances, and post employment life insurance, dental and medical programs.

The significant actuarial assumptions adopted in measuring these accrued benefit obligations are as follows:

	Benefit Plans Other Than Pension	
	2001	2000
Discount rate	6.75%	6.75%
Expected health care costs trend rate	9% decreasing annually by 1% increments to an ultimate rate of 5%	10% decreasing annually by 1% increments to an ultimate rate of 5%
Drug claim increases trend rate	11% decreasing annually by 1% increments to an ultimate rate of 6%	12% decreasing annually by 1% increments to an ultimate rate of 6%
Retirement age assumption	59 years.	59 years.

The current year's net expense incurred for future employee benefits is $452 (2000 - $452).

8. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Total 2001 (in thousands)	Total 2000
Balance, beginning of year $	51,170 $	697,363 $	121,984 $	76,329 $	8,158 $	955,004 $	890,546
Growth in present value of benefits liabilities	3,838	52,302	9,149	5,725	612	71,626	63,684
Actuarial experience adjustments	13,282	(35,779)	2,733	15,165	2,279	(2,320)	18,594
	17,120	16,523	11,882	20,890	2,891	69,306	82,278
Claims costs incurred	34,788	54,028	5,305	22,776	2,289	119,186	107,647
Claims payments made	(39,376)	(57,239)	(13,501)	(27,383)	(3,019)	(140,518)	(125,467)
Balance, end of year $	63,702 $	710,675 $	125,670 $	92,612 $	10,319 $	1,002,978 $	955,004

Adjustment to Benefits Liabilities

The WCB's independent actuaries, in their report of February 28, 2002, have noted that limited claims experience is yet available in respect of the effect of the earnings-loss procedures upon aggregate benefits liabilities, as the earnings-loss system was only introduced in 1995. The portion of the WCB's recorded benefits liabilities which is subject to earnings-loss procedures is $291,000.

Recorded benefits liabilities are based upon the best estimation techniques presently available to the WCB. However, it is possible that subsequent independent actuarial estimates may vary based upon the more extensive experience and data under the new earnings-loss procedures that will become available over time. The probability and the magnitude of such a variance, which could be material, is presently undeterminable.

9. ASSESSMENTS

	2001	2000
	(in thousands)	
Classes	$ 155,340	$ 160,241
Self-insured employers (Note 12)	32,401	31,031
Premium adjustment charge	692	1,330
Assessment and reporting penalties	1,481	1,658
	$ 189,914	$ 194,260

Assessment revenue is shown net of bad debt expense of $666 in 2001 (2000 - $798).

10. ADMINISTRATION COSTS

	2001	2000
	(in thousands)	
Salaries and staff expense	$ 16,837	$ 16,824
Amortization	2,406	2,099
Building operations	1,313	1,278
Services contracted	1,150	1,096
Supplies	732	873
Communications	631	611
Travel and accommodations	579	585
Professional fees	499	1,298
Training and development	329	750
Equipment rental	31	29
Miscellaneous	17	23
	$ 24,524	$ 25,466

11. LEGISLATED OBLIGATIONS

	2001	2000
	(in thousands)	
Occupational Health and Safety	$ 4,035	$ 3,995
Workers' Compensation Appeals Tribunal	1,208	1,971
Workers' Advisers Program	1,502	1,303
Workers' Compensation Review Committee	318	—
	$ 7,063	$ 7,269

The WCB is required by the Act to reimburse the Government of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Department of Labour.

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the Act to absorb the operating costs of the WCAT.

The Workers' Advisers Program (WAP) offers legal advice and assistance to eligible injured workers on workers' compensation matters. The WAP operates autonomously from the WCB. The WCB is required by the Act to absorb the operating costs of the WAP.

The Workers' Compensation Review Committee is appointed pursuant to the Act to review, report on and make recommedations to the Governor in Council in accordance with the terms of reference established by the Governor in Council. The WCB is required by the Act to absorb the operating costs of the Workers' Compensation Review Committee.

12. SELF-INSURED EMPLOYERS

These financial statements include the effects of transactions carried out for self-insured employers (federal and provincial government bodies and former bodies) who directly bear the costs of their own incurred claims and an appropriate share of administration costs.

	2001	2000
	(in thousands)	
Revenue	$ 32,401	$ 31,031
Claims costs incurred		
Short-term disability	$ 4,882	$ 4,500
Long-term disability	15,457	14,976
Survivor benefits	3,270	3,556
Health care	3,992	3,674
Rehabilitation	272	139
	27,873	26,845
Administration costs	4,528	4,186
	$ 32,401	$ 31,031

The benefits liabilities related to self-insured employers have not been included in the WCB's benefits liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

As of January 1, 2002, two former federal government bodies ceased to be self-insured and began to pay assessment premiums. The employers and the WCB are continuing to negotiate the transitional arrangements related to benefits liabilities for accidents existing on or before Decemnber 31, 2001.

13. RELATED PARTY TRANSACTIONS

Pursuant to various legislative amendments to the Act, the Province of Nova Scotia reimburses the WCB for certain claims costs incurred. These claims payments are billed to and recovered on a monthly basis. Total recoveries for 2001 were $988 (2000 - $1,177). Claims payments and costs incurred indicated in Note 8 are shown net of these amounts.

In addition, the WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for their own incurred claims and a share of administration costs. The amounts included in Note 12 for the Province of Nova Scotia are as follows:

	2001	2000
	(in thousands)	
Revenue	$ 3,706	$ 2,879
Claims costs incurred	$ 3,052	$ 2,369
Administration charges	654	510
	$ 3,706	$ 2,879

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances due to and due from related parties are non-interest bearing and under normal credit terms. At December 31, 2001, the amount receivable from the Province of Nova Scotia was $717 (2000 - $830).

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled $1,526 in 2001 (2000 - $4,560). Total funds invested in notes due from the Province as at December 31, 2001 were $18,000 (2000 -$40,000).

14. INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the industries listed below to fund a portion of the operating costs of safety and health training programs conducted by the industries. The amounts collected have been disbursed as directed by the Orders-in-Council. As the funds collected on behalf of these industries are not those of the WCB, they have not been included as revenue or costs in the Statement of Operations and Unfunded Liability.

Industry	**Payee**		**2001**		**2000**
			(in thousands)		
Construction	Nova Scotia Construction Safety Association	$	861	$	898
Forestry	Forestry Safety Society	$	279	$	291
Trucking	Nova Scotia Trucking Safety Association	$	220	$	183
Retail Gasoline	Retail Gasoline Dealers' Association	$	24	$	19

15. COMMITMENTS

The WCB has committed to the following operating lease payments, for office premises and equipment, over the next five years and in aggregate:

		(in thousands)
2002	$	745
2003	$	642
2004	$	511
2005	$	63
2006	$	—
	$	1,961

16. CONTINGENCIES

On January 31, 2000, the Workers' Compensation Appeals Tribunal issued two decisions indicating certain provisions of the Act and Regulations were unconstitutional. This decision was overturned by the Nova Scotia Court of Appeal on November 8, 2000. The Appellants have now been granted leave to appeal to the Supreme Court of Canada. It is expected that the Supreme Court of Canada will hear oral arguments in this matter in 2002 with a decision in 2002 or 2003. The provisions affected by the decisions relate specifically to the eligibility of workers to receive benefits for chronic pain. Unresolved issues surrounding this ruling have the potential to increase the liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undetermindable.

17. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation Fund, (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the plan are required by both employees and the WCB. Total employer contributions for 2001 were $813 (2000 - $755) and are recognized as an expense in the period. The WCB is not responsible for any unfunded liability, nor does the WCB have any access to any surplus that may arise in this Plan.

18. DEFERRED CHARGES

During 1999, the WCB entered into an agreement with the Nova Scotia Department of Business and Consumer Services on the establishment of the Nova Scotia Business Registry (now called Service Nova Scotia and Municipal Relations, SNSMR). The WCB invested $923 to assist with the startup costs of the Registry. Initially, the deferred charge was to be amortized to expense over five years at a rate equivalent to the savings in transaction fees. The agreement was revised in 2000 to completely recover the initial investment as a reduction in the contribution to the project costs during 2000.

NOVA SCOTIA

Department of Finance